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FINANCIAL TIMES

NOVEMBER 7 / NOVEMBER 8 1998

Weekend

Paying homage to a grandfather who never came home from war

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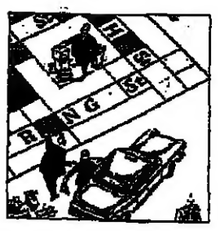

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THE UNIVERSITY OF JORDAN SERIALS DIVISION

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NETANYAHU DELAYS CABINET DISCUSSION OF WYE ACCORD AFTER TERRORIST MISSION IN JERUSALEM MARKET KILLS TWO PEOPLE

Suicide car bomb attack sets back Israel peace deal

By Judy Dempsey in Jerusalem

The Wye Plantation peace deal hammered out last month by Palestinians and Israelis suffered a setback yesterday after a suicide car bomb killed the two attackers and injured 21 people in Jerusalem's busiest outdoor market.

The attack occurred as the Israeli cabinet met in special session to debate the Wye accord in which Israel will hand over 13 per cent of the disputed territory on the West Bank to the Palestinians in return for greater security guarantees.

Benjamin Netanyahu, Israeli prime minister, suspended the session immediately after the attack and called a special meeting of the inner cabinet to consider security issues.

A government statement said the cabinet would meet again "after it is satisfied that the Palestinian Authority is taking intensive steps for an all-out war against the terrorist groups and their infrastructure".

US president Bill Clinton, who played a key role in forging last month's accord, said the bombing was an "outrageous and cowardly act by enemies of peace who wish to derail the courageous steps taken by the Israelis and Palestinians at Wye River". He added he hoped to regain "the momentum and implementation of the Wye agreement as soon as possible". Dennis Ross, US Middle East envoy, is expected to return to the region shortly.

Madeleine Albright, US secretary of state, telephoned Mr Netanyahu to express her condolences, but warned of any further delay in implementing the accord. James Rubin, her spokesman, said any delay would encourage the extremists.

The Palestinian Authority condemned the attack and Hassan Asfour, a peace negotiator, said it was "a crime – whoever commits this hurts the interests of the Palestinian people".

He added that he hoped it would not provide Israel with an excuse to walk away from the Wye agreement. "This incident is not against Israelis only, but against the peace process." Other Palestinian officials said they could not be responsible for security inside Israel.

Mr Netanyahu had already postponed cabinet discussion of the accord three times in one week, insisting on more guarantees on security and demanding that Yassir Arafat, president of the Palestinian Authority, agree in writing to arrest 30 Palestinians suspected of killing Israelis.

Yesterday's bombing was the second suicide car bomb attack on Israeli targets in 10 days, signalling intense opposition by militant Islamist movements to any peace deal with the Jewish state.

An Israeli policeman calls for an ambulance as an unidentified body lies on the street moments after the car bomb AP

Israeli police said they received a telephone call from Hamas, the Islamic resistance movement, claiming responsibility for the attack. Hamas struck at the same market in July last year when two suicide bombers killed 15 people and wounded more than 170. However, Israel's justice minister Tsahi Hanegbi said later yesterday's attack was almost certainly staged by Islamic Jihad.

Police said shoppers were alerted yesterday when they saw smoke coming out of the hood and exhaust of a red Fiat. The blast reduced the car to a mass of twisted metal.

Jerusalem bombing, Page 3

Jospin and Chirac at odds over war mutiny

By Robert Graham in Paris

President Chirac of France yesterday launched an unprecedented attack on Lionel Jospin, the prime minister, over his decision to honour French soldiers shot for mutiny at the height of the first world war.

Mr Jospin said it was time for "those shot as an example" to become a full part of "our collective memory" at a ceremony on Thursday in the town of Craonne in north-east France – a focal point for a mass anti-war protest in 1917.

At least 30,000 soldiers mutinied and death sentences were carried out on 49, while many others were commuted to forced labour.

It has long been one of the most painful episodes of the first world war undermining France's official version of a nation accepting great self-sacrifice amid appalling casualties.

The right-wing president, who regards such matters as the domain of the head of state, yesterday described the socialist prime minister's move as "inopportune". It was the sharpest language he has used so far in a tense but careful relationship between the political opponents.

Jean-Louis Debré, parliamentary leader of the Gaullist RPR, was more explicit in his criticism of Mr Jospin. "The premier's action tends to justify acts of mutiny and this can only be prejudicial to the defence of the higher interests of state and the security of Frenchmen," he said.

The prime minister's initiative ahead of Armistice Day celebrations on November 11 was reported to have been prepared meticulously and the precise wording of his speech aimed at striking the right tone.

It followed moves in the UK to try to seek reparations for those who deserted and were executed during the first world war.

Paying homage, FT Weekend I

Russia secures outline deal on debt restructuring

By John Thornhill in Moscow and Jeremy Grant in London

Russia's hard-pressed government achieved three breakthroughs in its troubled international financial affairs yesterday.

It reached an outline debt restructuring deal with foreign creditors, won an $800m credit from Japan and secured $600m worth of food aid from the US.

After weeks of tense negotiations, Moscow persuaded foreign creditors to accept rouble-denominated securities as part of a restructuring plan of its frozen $40bn treasury bill (GKO) market.

In return, the finance ministry dropped its insistence on including Russian commercial banks' outstanding forward dollar contracts in the plan. Foreign banks had bought these contracts as a way of protecting their GKOs against a rouble devaluation.

The agreement means Russia has moved a step closer to rebuilding its shattered credibility in global financial markets.

Moscow sparked a fresh round of global financial turmoil in August when it announced a debt moratorium, leaving some of the world's biggest banks and hedge funds nursing huge losses linked to their exposures to the GKO market.

Mikhail Kasyanov, deputy finance minister, said foreign banks had been forced to swallow big losses on their GKO holdings but had still kept faith with Russia by accepting rouble-denominated instruments.

Under a proposal to be discussed at further talks next week, foreign banks could swap their GKOs for a menu of options including taking stakes in companies to be privatised.

"It's probably not so bad considering that the [previous] deal was worse. At least you remain invested in Russia," said one banker.

As the agreement does not address what happens to the forward contracts, foreign creditors will now be able to force Russian banks to honour an estimated $5bn in such contracts when the government-imposed moratorium on repayments expires on November 18.

That could involve lawsuits, which in turn could threaten some of the country's biggest banks with bankruptcy.

Foreign bankers praised the constructive approach to the talks adopted by Mr Kasyanov, saying it was in marked contrast to the brutal manner of Soviet-era negotiations.

"The whole spirit of the talks has been quite good and very civil," said one banker. Japan yesterday promised to release an $800m credit agreed in July as part of a $22.6bn international loan package.

But the International Monetary Fund, which was to provide the bulk of the promised funds, is continuing to withhold the next $4.3bn tranche of its loan until the Russian government draws up a comprehensive economic programme.

Russia also secured a $600m credit from the US which can be used to buy food to help avert starvation this winter.

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3918/98

WORLD NEWS

RUSSIAN REFORM PREMIER IS PRAISED BY GORBACHEV BUT US AND IMF OFFICIALS ARE EXPRESSING DOUBTS ABOUT HIS POLICIES

Primakov a hit at home, under fire abroad

By John Thornhill in Moscow

A sharp division of opinion is emerging between Moscow and Washington over the Russian government's handling of the country's latest crisis.

While Yevgeny Primakov, the prime minister, is winning acclaim at home he is attracting increasing criticism from the US administration and the International Monetary Fund.

Yesterday, Mikhail Gorbachev, the former Soviet leader, became the latest senior Russian politician to lavish praise on Mr Primakov, suggesting he would make a good president. Mr Primakov was a close ally of Mr Gorbachev during the late 1980s and both men still argue for a more gradual approach to economic reform.

"Without a strengthening of the state role we will not manage. So I fully support what Primakov says. If we carry out his current thinking, I think the country will pull through," Mr Gorbachev said.

The former Soviet leader's views appear to be shared by many of his compatriots, with opinion polls showing that Mr Primakov's ratings make him the most trusted politician in Russia.

But the US administration and the IMF, which are still promising to back Russian reform, appear to be growing increasingly alarmed that Mr Primakov's government has not yet come up with a coherent economic programme.

Strobe Talbott, US deputy secretary of state and the administration's leading Russia expert, has warned Moscow of the dangers of retreating from the reform process. "Massive printing of money means the economic situation will probably get worse before it gets better and we will be far less able to help Russia through the IMF," he said on Thursday.

Senior IMF officials in Washington have also pressed the Russian government to tackle its fiscal crisis, making it clear they will not disburse the next $4.3bn tranche of the fund's support loan until the government has toughened up its 1999 budget plans.

Alan Rousso, director of the Carnegie Moscow Center, said the Russian people believed the country's problems were primarily political. But the US tended to view Russia primarily through an economic prism, overlooking the absence of the democratic institutions needed to underpin reform.

"The combination of a truculent series of remarks from Strobe Talbott and the IMF's unwillingness to release more money will provoke a certain degree of anti-westernism," Mr Rousso said. "But I do not think it is the beginning of a real revanche."

Liberal Russian politicians and parts of the media, such as the Kommersant newspaper, have also mauled many of the economic proposals put forward by Mr Primakov's government. They suggest the prime minister's popularity will plummet this winter when the depth of the economic crisis hits home to ordinary Russians.

Madrid approves Pinochet lawsuit

By David White in Madrid

Spain's centre-right cabinet agreed yesterday to send the UK government a formal request for the extradition of General Augusto Pinochet, the former Chilean president, whose claim to immunity is currently subject to an appeal in London.

Chile responded immediately by recalling its ambassador from Madrid for consultations and expressing "profound concern".

Gen Pinochet has been under arrest in Britain since October 16 at the behest of a Spanish investigating judge, pending an extradition demand.

Despite evident discomfort over the case and its impact on Spanish-Chilean relations, the government made it clear in advance that it would respect the judiciary's decision. "The Spanish government is obliged to apply its laws," Abel Matutes, the foreign minister, said yesterday.

State prosecutors, who have so far challenged every step taken by investigating judges in Madrid against former military rulers of Chile and Argentina, said they would not appeal against the extradition request.

A House of Lords hearing resumes in London next week to review a High Court decision upholding Gen Pinochet's immunity from prosecution as former head of state.

The case prepared by examining judge Baltasar Garzón and accepted by the Spanish cabinet yesterday accuses Gen Pinochet of "genocide and international terrorism", and significantly widens the scope of charges contained in provisional arrest warrants sent to London last month.

It lists 2,970 people as having been executed or gone missing during Gen Pinochet's period in power from 1973 to 1990, including students, civil servants, artists, intellectuals, members of the armed forces, politicians, teachers, priests and trade unionists. The list includes the 94 who were the subjects of the original warrant and are alleged to have been captured in Argentina under an international operation.

The extradition demand defends the charge of genocide by arguing there was a systematic plan of kidnap, torture and execution aimed at a "national group", consisting of the regime's ideological opponents.

Spain's national court has endorsed Mr Garzón's claim that the charges can be considered as genocide and fall within Spanish jurisdiction.

Lafontaine: letting off steam in a china shop?

By Peter Norman in Bonn

New governments tend to give themselves 100 days to make an impact. Oskar Lafontaine, Germany's finance minister and leader of the Social Democratic party, has compressed his initial headline grabbing activities into just 10 days.

Since being sworn into office on October 27, Mr Lafontaine has both fascinated and appalled German government and financial circles by launching a noisy campaign for lower interest rates and appearing to challenge the independence of the Bundesbank and the fledgling European Central Bank in Frankfurt.

As previous Bonn finance ministers have learned, a confrontation course with the Bundesbank is a high-risk strategy. So no one was surprised that Mr Lafontaine's appearance at Thursday's fortnightly Bundesbank council meeting yielded no visible gains, with the bank leaving its key lending rates unchanged.

Mr Lafontaine's attacks on the Bundesbank followed post-election manoeuvrings which had already created bad feeling. Before the government was formally constituted, Mr Lafontaine forced Rudolf Scharping, the former leader of the SPD in the Bundestag, to quit his post for the defence ministry. He also built up the power of the finance ministry at the expense of the economics ministry, causing Jost Stollmann to refuse to take up the post of economics minister.

Since then, industry and business have heaped criticism on the tax reform plans of the new SPD-Green coalition, which seeks to shift purchasing power to ordinary families largely by curtailing business tax breaks and depreciation allowances.

The plan for an ecological tax reform that would finance a lowering of Germany's high non-wage labour costs by higher taxes on petrol and other energy sources was hitting difficulties yesterday as departmental ministers fought to exempt their own clients from its adverse effects.

In the six weeks since the election, the public perception of Mr Lafontaine has shifted from that of an inspired strategist who held the fractious SPD together for three years to one of a power-hungry politician who charges at issues like an elephant in a china shop.

Some political observers in Bonn argue Mr Lafontaine is simply letting off steam after years of tough self-discipline as party leader. Others say he is by nature an authoritarian and some of his problems reflect his determination to get a grip over his new empire.

He has also appointed two state secretaries – Heiner Flassbeck and Claus Noé – who are reputed to have had poor working relationships with Hans Tietmeyer, the Bundesbank president, when the latter was a senior economics ministry official many years ago. The minister's position has not been helped by his wife, the economist Christa Müller, who was the first member of his entourage to launch an attack on the Bundesbank after the elections.

Mr Lafontaine's visit to the Bundesbank appears to have created conditions for a *modus vivendi* between the two sides, however. Mr Tietmeyer spoke yesterday of a frank dialogue that cleared up many misunderstandings and made some differences clear.

That means policy differences will still exist between Bonn and Frankfurt. But they are more likely to be discussed – and perhaps settled – behind closed doors.

A French farmer brings a piglet to protests about falling pork prices outside the prefecture in Lille, northern France Reuters

French pig protests block roads

French pig farmers blocked roads and held rallies across the country yesterday to protest against collapsing pork prices, **Robert Graham reports from Paris.**

Led by Breton producers, who account for 50 per cent of French pork, farmers are demanding the rapid distribution of promised government aid, plus measures to unblock valuable EU sales to Russia, halted since August because of Moscow's financial crisis.

More than 10,000 farmers handed out pork sausages and set haystacks and tyres alight, from northern France to small towns in the south-west. Traffic was jammed in the north after farmers drove slowly and blocked access roads between Dunkirk and Lille.

Pork is fetching FFr5.18 (95 US cents) per kilo, less than half the price a year ago.

Rebels set for new war as time runs out in Kosovo

Serbs and Albanians both expect renewed conflict as US negotiators try to achieve a settlement, reports **Guy Dinmore**

A baby's cry breaks the silence, betraying human life amid the ruins. What was once a solid circle of stone and red-brick farm buildings has been reduced to jagged, charred rubble by Serbian artillery fire. But one Albanian family has returned to live – and fight.

Inside the single habitable room a young mother lulls her infant to sleep in a rocking cradle. Behind her, a shoulder-held anti-tank weapon is propped against the wall, with Kalashnikov rifles and ammunition.

Despite the presence of Serbian police patrols in this village in the rural heart of Kosovo, a young man appears in full rebel uniform of camouflage fatigues and a flak-jacket. But a detail is missing: the black eagle insignia of the Kosovo Liberation Army (KLA).

This man fights for the Armed Forces of the Republic of Kosovo, known as FARK, a rival group with the same goal of independence as the KLA but taking orders from a separate and equally shadowy command.

Little is known about FARK – which for the moment has agreed to fight alongside the KLA – but the proliferation of such militant groups has complicated US efforts, led by the mediator Chris Hill, to turn the fragile ceasefire in Kosovo into a lasting peace.

Throughout the rebel heartland of the Drenica region in central Kosovo, Serbian police officers in now isolated outposts, as well as commanders of KLA and FARK units, all convey the same message: time is running out, renewed conflict is around the corner.

The October 13 deal struck in Belgrade between the US special envoy, Richard Holbrooke, and the Yugoslav president, Slobodan Milosevic, resulted in a partial withdrawal of Serbian forces and brought an end to the government offensive that in seven months had claimed the lives of over 1,000 Albanians, mostly civilians, and displaced more than 250,000 people.

Almost all the estimated 50,000 Albanians living in makeshift tents in deteriorating weather have now found some kind of proper shelter, but many villages remain virtually deserted because there are still police nearby.

A total of 25,000 Serbian police and Yugoslav troops are to remain in Kosovo until the elusive political pact is signed.

A shaky ceasefire holds during the day but sporadic clashes resume at night, after most members of the Kosovo Diplomatic Observer Mission return to their urban bases.

Obliged by the Holbrooke deal to dismantle most of their static checkpoints, Serbian police play a cat-and-mouse game with observers by deploying mobile armoured units to stop and harass Albanian civilians on main roads.

The KLA has also spread its wings, retaking abandoned police positions and equipping itself with new weapons. "The people are still afraid to go back to their ruined homes," said "Plaku", a local KLA commander in the Malisevo area who sports a Motorola walkie-talkie. "This regime has used all its forces to burn and kill. How can we live with this regime any more? I don't believe this ceasefire can last long."

Mr Hill, who with Mr Holbrooke negotiated an end to the Bosnian civil war in 1995, appears equally worried. In a briefing to diplomats on Wednesday he said he needed a breakthrough within days.

A fifth draft of an interim plan that would give Kosovo substantial self-rule, but not independence, was presented to Albanian political parties in the provincial capital Pristina last Sunday and to the Serbian government in Belgrade the next day.

"It's more acceptable to the Albanian side but does not fulfil all our requests," commented Fehmi Agani, co-ordinator of the official Albanian negotiating team. "But some things are not defined – are we or are we not in Serbia?"

The status of Kosovo is the issue. Despite the protestations of the KLA that only full independence is acceptable, it appears most Albanian parties would accept an autonomous Kosovo within what is left of the Yugoslav federation (which also includes Montenegro) but outside the republic of Serbia.

This is anathema to Mr Milosevic, whose ruling coalition in Belgrade depends on fuelling nationalist sentiments to keep a lid on the social discontent which has been exacerbated by Serbia's deepening economic crisis.

The US peace plan does not attempt to define Kosovo's status, leaving this for further negotiations at the end of a proposed three-year interim period. Ibrahim Rugova, the "president" of Kosovo since elections in 1992 that Belgrade refused to recognise, knows he cannot possibly sign the deal as now presented on his own.

Although he still commands widespread support among ordinary people, he is virtually marooned in Pristina, the capital, and has little if any control over the fighters in the field.

In an effort to bring the KLA on board, leaders of Kosovo's fractious parties met this week to try to form a new "government" that would give a senior post to Adem Demaci, the political representative of the rebel group whose stubborn insistence on a free Kosovo was fortified by over 27 years spent as a political prisoner in Serbian jails.

If the squabbling leaders, who in effect all embrace the same goal, can unite for the first time, then Mr Hill has at least a chance of getting a deal that will last.

PORTUGUESE POLITICS SOCIALISTS TRY A REFERENDUM ON LOCAL GOVERNMENT CHANGES

Lisbon devolution plan put to voters

By Peter Wise in Lisbon

"Portugal is Lisbon. The rest is just scenery." Most Portuguese believe the divide between the country's relatively affluent Atlantic coast and the poor, rural interior expressed in this popular saying is as wide as ever.

But in a referendum tomorrow voters are expected to reject the Socialist government's plan to change the landscape by dividing the country into eight administrative regions that would elect local assemblies and regional presidents

Opponents say the proposal would create an unnecessary new political class, or "8 x Bureaucracy", "8 x Jobs for the Boys" and "8 x Corruption", as the campaign boardings of the rightwing Popular party put it.

The Socialists have responded with posters promising "8 x Education", "8 x Investment" and "8 x Health Services". But the polls point unanimously to a victory for the "No" vote.

A defeat for the government would be a disappointment for Firmino Oliveira, schoolteacher, Communist party member and president of the neighbourhood council in Vaqueiros, a rural village in central Portugal. Officials in Lisbon have twice turned down his applications for funds to help restore a panel of 17th-century tiles in the village church, taking more than a year each time to reply.

"Government departments in Lisbon are too far away to know or care very much about a village like ours," he says. "If we could take our problems to local officials familiar with the region, I'm convinced we would get a quicker response."

Other villagers say they are confused by the conflicting arguments for and against "regionalisation". The opposition warns against a "leap in the dark". Even senior Socialist politicians admit to not having a detailed grasp of the plan.

Uncertainty could lead to a turnout of less than 50 per cent. This would not only render the vote void but probably also put an end to the use of referendums in Portugal for the foreseeable future. They were made possible by a constitutional revision only last year.

Fewer than 32 per cent of the electorate turned out for the country's first plebiscite, on abortion, in June and a vote on European integration was cancelled when the constitutional court deemed the question to be misleading. "A third flop would be too many in a row," says President Jorge Sampaio.

Portugal's 1976 constitution calls for elected regional administrations to further the "direct and active" participation of citizens in political life. But, apart from the creation of semi-autonomous regions in Madeira and the Azores, little was done.

"Portugal has not yet been able to free itself of the legacy of the Salazar dictatorship and remains one of the most centralised countries in Europe," says Fernando Gomes, the Socialist mayor of Oporto and a leading advocate of devolution.

But most voters appear to agree with critics who argue devolution would destroy national unity, undermine budgetary control, and create yet more bureaucracy.

However Portugal votes tomorrow, the problem of unequal development will not go away. "Portugal has advanced tremendously. But the gap in development between the coastal areas and the interior has remained the same or, possibly, grown even bigger," says Mr Sampaio. "I think everyone realises we have not done enough."

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4181. Represented in Frankfurt by Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc registered at the same address.
GERMANY: Responsible for Advertising content: Colin A. Kennard. Printer: Hüthig International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg. ISSN 0174-7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE: Publishing Director: P. Maraffiga, 42 Rue Le Peletier, 75009 PARIS. Telephone (01) 53 76 5254. Fax (01) 53 76 4253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1146-2755. Commission Paritaire No 67796D.
SWEDEN: Responsible Publisher: Bradley P. Johnson. Telephone: +46 8 791 2545. Printer: AB Svallodalningen Expressen, PO Box 6007, S-550 06 Jönköping.
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NEWS DIGEST

FERTILE EARTH EXCAVATED

UN says Israel is taking away Lebanese soil

The UN Interim Force in Lebanon (Unifil) said yesterday its investigation had confirmed Beirut's claim that Israelis were taking fertile topsoil from south Lebanon across the border into Galilee.

Timur Goksel, Unifil's senior political advisor, said soil was being excavated in Israel's south Lebanon occupation zone, south of the town of Marjayoun, and taken south by truck.

Lebanon asked the United Nations and the European Union on Tuesday to stop Israel stealing soil from south Lebanon. Mr Goksel said it seemed the activity was carried out by civilians rather than the Israeli military, which controls the area.

According to the Unifil report, soil has been removed to a depth of 7-10ft in a 300ft by 1,000ft area south of Marjayoun. **Reuters, Beirut**

TURKISH POLITICS

New warning to Islamists

A member of one of Turkey's governing parties warned the main opposition Islamist party yesterday it could face the same fate as its banned predecessor. The warning followed a similar comment earlier this week by a strict secularist state prosecutor that the Islam-based Virtue party was following the same path as the Welfare party, closed in January when it was accused of threatening the official secular order.

"Virtue is slowly forming a focus of crimes that was seen with Welfare," Ugur Aksoz, a senior member of parliament from the Motherland party, was quoted as saying by Anatolian news agency.

The warning came as police used batons and water cannon to disperse a thousand Islamists who had marched through central Istanbul to protest against restrictions on religious dress in colleges. Virtue became the biggest group in parliament after former Welfare MPs flocked to join its ranks. **Reuters, Ankara**

CUBAN TRADE

Havana signs insurance deal

Cuba's state commercial bank, Banco Nacional de Cuba (BNC), has signed an agreement with the London-based insurance broker Lambert Fenchurch that will allow it to obtain international insurance cover guarantees to gain access to fresh financing for trade and investment operations.

The agreement, signed in Havana this week, aims to provide a framework for overseas exporters to obtain political risk insurance for trade with Cuba. This would initially cover short-term financing operations.

Squeezed by a long-standing US economic embargo and burdened by a foreign debt of more than $10bn, Cuba's communist government has found it hard to gain access to financing, except at high-interest, short-term rates, to fund its economic recovery efforts. Only a few foreign governments provide official export credit cover for their exporters to trade with the Caribbean island.

In the absence of such official cover, the agreement between Cuba's BNC and Lambert Fenchurch, one of the world's top 10 insurance brokers, seeks to provide an equivalent in the private international insurance market. **Pascal Fletcher, Havana**

UKRAINIAN ECONOMY

IMF doubts on loan

An International Monetary Fund mission left Ukraine yesterday expressing doubts about the continued disbursement of a $2.2bn, three-year loan conditional on Ukraine's ability to adopt a strict programme of market reforms. The latest $78m tranche of the loan, for September, was disbursed last week. The October tranche, of equal size, is due later this month.

"Further resources from the IMF are likely to be disbursed as soon as measures envisaged under the EFF-supported programme are implemented," said Patrick Lenain, the IMF's representative in Kiev, who cited IMF concerns about a shortfall in budgetary revenue, delays in increasing administered prices, and the slow pace of reforms in the energy and agricultural sectors as potential obstacles.

Cash collection by the state budget fell 1bn hryvnia short of the programme's target of 7bn hryvnia for January-September 1998, because of an increase in barter payments to the budget in September, which the IMF had sought to ban.

In August, Ukraine's parliament overturned a critical piece of legislation raising tariffs on energy goods, which was one of the planks of the IMF's programme. **Charles Clover, Kiev**

UN COMMITTEE BALLOT

US candidate rejected

The US again failed to win a seat on a powerful United Nations financial oversight committee yesterday, but Britain will return to the 16-member body after a six-year hiatus. Susan Shearouse, the US candidate, received 55 votes of the 173 cast in the secret ballot. Nicholas Thorne, the UK missions' financial expert, was elected with 105 votes.

The western list of candidates included Klaus Stein of Germany and Gian Valenza of Italy, who received 92 votes each each, necessitating a tie-breaking ballot for the remaining vacancy in their regional group which Mr Valenza won.

The US lost its place on the committee two years ago and diplomats attributed this latest failure in large part to the continuing backlash against Washington's failure to pay arrears on its UN contributions, now amounting to $1.28bn. **Michael Littlejohns, New York.**

KAZAKHSTAN POLITICS

No guards for ex-premier

Akezhan Kazhegeldin, the former prime minister of Kazakhstan whose bid to challenge President Nursultan Nazarbayev in January's presidential election has been blocked by the Kazakh electoral commission, cancelled his planned visit to Moscow yesterday after his Russian security guards said they were unable to guarantee his safety.

Lawyers for Mr Kazhegeldin said the security company which normally looks after him in Moscow had cancelled their contract the day before he was due to arrive on the grounds that "they had information [leading them] to believe they could not guarantee his safety".

Mr Kazhegeldin, widely seen as the only serious potential challenger to the increasingly autocratic President Nazarbayev, had planned to meet Russian officials and the press on his way home from Washington and Warsaw. **Anthony Robinson, Moscow**

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US POLITICS HOUSE SPEAKER UNDER FIRE AS ACCUSATIONS FLY OVER MID-TERM ELECTION LOSSES

Gingrich faces Republican wrath

By Richard Wolffe in Washington

Opposition to Newt Gingrich, the House Speaker, mounted yesterday as Republican congressmen openly campaigned against his re-election as well as that of other members of his leadership team.

Mr Gingrich's control of the House of Representatives appeared in doubt as his party rivals predicted a rebellion of up to 40 congressmen in the wake of the Republicans' poor showing in the mid-term elections this week.

Matt Salmon, an Arizona Republican, said there were at least seven congressmen who would vote against Mr Gingrich's re-election as House Speaker. Even such a small opposition would be enough to overturn the Republican majority in the House, which was whittled down to just 12 seats after Tuesday's elections.

Mr Salmon said he blamed Mr Gingrich for the surprise loss of five Republican seats in the House, although the Speaker was credited with engineering the party's takeover of the House in 1994. "Four years ago we won the Super Bowl," Mr Salmon told NBC television. "We haven't had a winning season since. We've got to change coaches or we'll lose our franchise."

Mr Gingrich remains the frontrunner to win the party nomination in a secret ballot on November 18. However, potential rivals are already canvassing support for a campaign against him.

Robert Livingston, a Louisiana congressman and chairman of the House appropriations committee, has emerged as a possible contender for the Speaker's chair.

He is reported to have urged Mr Gingrich to step aside for the party's good.

Other members of the Republican leadership team were also fending off challenges from party rivals yesterday. Dick Armey, the House majority leader, faces a re-election battle against Steve Largent, an Oklahoma congressman, for the second most powerful position in the House.

Announcing his campaign, Mr Largent joined in the condemnation of the party leadership. "I think it is abundantly clear that on November 3 the Republican party hit an iceberg," he said. "And I think the question that is before our conference today is whether we retain the crew of the Titanic or we look for some new leadership."

In an apparent reference to the partisan battles over federal budgets and the Monica Lewinsky scandal, Mr Largent said there was a desperate need to "heal the alienation" between Republicans and Democrats, as well as Republican in-fighting.

"There is a deep divide that exists in all those relationships and I believe one of the things that I can bring to the table is an effort and a spirit to heal the alienation and to begin a reconciliation process that can move us forward and develop a constructive agenda that improves America for all people."

Mr Largent said he had already launched a telephone campaign and won "broad support across the conservative and moderate spectrum".

He also predicted there would be further "multiple" challenges to Mr Gingrich's position as House Speaker, but refused to identify any possible contenders.

Jerusalem bombing strengthens extremists

By Judy Dempsey in Jerusalem

When President Bill Clinton was told about yesterday's suicide bomb attack in Jerusalem, he repeated verbatim what he said at last month's signing of a new Israeli-Palestinian interim peace accord.

"The enemies of peace will try to destroy the Wye accord."

After the second suicide bomb attack in 10 days – the first was against a Jewish settlement in Gaza – US diplomats said they were "desperately trying to save" the two-week old Wye accord, in which Israel is to hand over 13 per cent of West Bank land to the Palestinians in return for security guarantees.

But for all the hope at the Wye Plantation talks, the accord hit hurdles as soon as Benjamin Netanyahu, Israel's prime minister, returned home to face his nationalist constituents.

"The situation is explosive," said a US diplomat. "We have a lot to do if we want to save the accord. The bomb attack plays into the hand of extremists on both sides."

US officials, traditionally, have been reluctant to criticise Israel. The Wye accord seemed to have changed that. Mr Clinton invested enormous time at the secluded Maryland resort, placing his prestige on the line to put the Middle East peace process back on track.

Mr Clinton, said officials, had hoped Mr Netanyahu and Yassir Arafat, president of the Palestinian Authority, would build on the fragile relationship that had evolved during the nine-day Wye summit. "Since then, Netanyahu, I'm sorry to say, has been very difficult," said a US official.

To convince hardline nationalists that he had not sold them out, Mr Netanyahu announced the expansion of Jewish settlements in the West Bank and East Jerusalem, disregarding the call in the Wye accord for an end to unilateral actions. Instead of seeking immediate cabinet support for the accord, he delayed, giving sceptical ministers and his Likud party the chance to pick holes in it. Even worse, the delay may have encouraged the bombers to try to sabotage the deal.

Mr Netanyahu also arranged a short Hebrew translation of the official English version which contains several discrepancies with the original text. It stated, for example, that the National Council of the Palestine Liberation Organisation would next month vote again to annul clauses calling for the destruction of Israel. This was never stated in the accord.

The US has praised the Palestinians for sticking to the Wye accord, despite the fact it gave Palestinians only 40 per cent of the West Bank – and without written commitments that Israel would stop expanding or building new settlements. "Arafat cashed in his cheques," said Ghassan Khatib, a former peace negotiator. "He wanted this accord."

Last week, Palestinians arrested leading Hamas Islamist opponents of peace with Israel. They still hope that the Central Intelligence Agency can be the arbiter in disputes between them and Israel over how Mr Arafat combated terrorism. Israel, on the other hand, increasingly resents having given an outsider such a role.

Some senior Israeli officials said the weakness of Wye lay as much in the oral undertakings as in the new role of the US. Mr Arafat, for example, agreed to arrest 30 suspect killers of Israelis. Israel wanted that in writing from the US. Washington refused.

Having carved out the role of honest broker for himself, Mr Clinton cannot allow politicians of either side to derail the peace accord. He will have to convince them to work together. Otherwise, the bombers will have won.

US 'public enemy number one' sees options narrowing

Saudi dissident Osama bin Laden may soon start to find Afghanistan a precarious hiding place, writes **David Gardner**

This week's US grand jury indictment of Osama bin Laden, the man Washington wants in connection with the bombings of its embassies in Nairobi and Dar es-Salaam in August, will not of itself make it any easier to apprehend him in his fastness in Afghanistan.

Yet it is but the latest in a sequence of developments which suggest the wealthy Saudi dissident – chief of a skilled and itinerant Islamist army implacably opposed to the US and its allies – may soon find Afghanistan a precarious haven from which to operate.

Bin Laden: in hiding

Mr bin Laden, who in the 1980s fought alongside the Afghan *mujahideen* at the head of Arab volunteers in the US-backed war to dislodge the Soviet Union from Afghanistan, moved back there from the Sudan in 1996, coinciding with the Taliban militia's seizure of Kabul from rival Afghani groups.

Since then, the Taliban has won control over 90 per cent of the country.

Top of its priorities now is winning international recognition as Afghanistan's government. Like Sudan's Islamist government before them, however, Taliban leaders are finding the cost of hosting Mr bin Laden can be high.

Until now, only three countries have recognised the Taliban – Saudi Arabia, Pakistan and the United Arab Emirates, a junior ally in the Saudi-dominated Gulf Co-operation Council. The first two were, along with the US, the main backers of the *mujahideen* and the Arab volunteer brigades during the war against the Soviet Union.

But both came to see the "Arab Afghan" phenomenon as a liability after the war, when these battle-hardened Islamists fanned out across the Middle East, north and east Africa, and parts of the Balkans, central and south Asia, turning their guns on their own and US-allied governments.

Moreover, Saudi support for the primitive fundamentalist movement of the Taliban was inspired in part by the hope that it would shut down the Arab Afghan network in general and Mr bin Laden in particular.

Because this has not happened, the Saudi and Pakistani governments, under pressure from the US, are withdrawing support for the Taliban, leaving it more isolated than ever.

In September, Riyadh withdrew its ambassador from Afghanistan without explanation, while Islamabad has radically downgraded its embassy in Kabul. Senior Saudi officials say the Taliban is now virtually broke, deprived both of funding from Saudi Arabia, and of its revenue from the heroin traffic interrupted by the concentration of Iranian troops on its border – Tehran's response to the Taliban murder of nine of its diplomats.

According to al-Quds al-Arabi, a London-based pan-Arab newspaper with which Mr bin Laden keeps in intermittent touch, the Taliban breach with Riyadh follows several Saudi attempts to force the expulsion from Afghanistan of the Arab Afghan leader. Like the Americans, the Saudis appear to have concluded that Mr bin Laden's network was behind two bomb attacks in the kingdom in 1995 and 1996 against US military installations, which killed 24 American servicemen.

In June, Prince Turki bin Faisal, the Saudi intelligence chief who helped organise the Arab volunteers during the 1980s, held secret talks with the Taliban in its Kandahar headquarters to press for a solution to the bin Laden problem.

According to some accounts, the Taliban was offered in exchange the prospect of US recognition, and Afghanistan's seats at the United Nations and the 54-nations Organisation of the Islamic Conference (OIC).

Prince Turki returned in September to try again, but after the Taliban failed to respond, Riyadh withdrew its ambassador.

Then last month, after a visit to Islamabad by Crown Prince Abdullah, the Saudi heir apparent, Nawaz Sharif, Pakistan's prime minister, said his government would seek "the elimination of any terrorism sprouting from the soil of Afghanistan". The Karachi stock market immediately shot up, on the apparent assumption the Saudis would help Pakistan through its financial problems, exacerbated by US-led sanctions Pakistan's nuclear explosions last May.

Put another way, if the Taliban's only two real backers have decided their position has changed because the movement is harbouring Mr bin Laden – US "public enemy No. 1" after the grand jury indictment – how long will it take the Taliban itself to conclude he has become too hot to handle? Afghani factional politics, moreover, are notoriously treacherous and fickle, notwithstanding ritual declarations about tribal hospitality and Islamist solidarity.

Already, Mullah Mohammed Omar, the Taliban's spiritual guide, has said it is willing to try Mr bin Laden if evidence against him is provided. The Taliban, ideologically anchored in the Middle Ages, may not be very worldly. But it may just be aware of the last time a US grand jury so clearly identified a foreign bogeyman: Gen Manuel Antonio Noriega. In 1989, the Americans invaded Panama to get him. Afghanistan, of course, is not Panama. But nor is Mr bin Laden its leader.

Cohen berates Iraq over UN weapon checks

By Roula Khalaf in London

William Cohen, US defence secretary, called on Iraq again yesterday to rescind its ban on United Nations weapons inspections, a day after a unanimous UN Security Council resolution demanded immediate and unconditional resumption of co-operation.

Mr Cohen was in Turkey yesterday, after visiting US allies in the Gulf and Jordan. Sandy Berger, US national security adviser, prepared for a trip to Europe for consultations with allies to co-ordinate a tough response to Iraqi defiance. Britain is also sending senior officials to the Middle East to explain the need for a tough response to Iraq. George Robertson, UK defence secretary, is expected to travel to the Gulf tomorrow.

"We're hoping that [Iraqi President] Saddam [Hussein] will take action to reconsider his flagrant violation of the Security Council resolutions..." Mr Cohen said.

Baghdad did not officially react yesterday to the UN resolution, but Abdul-Ghani Abdul-Ghafur, a senior member of the ruling Baath party, said: "Iraq will not retreat from its decision unless there is a clear response to its legitimate demand to lift the unjust embargo." A leading government newspaper, meanwhile, announced that millions of Iraqis were already receiving arms training to face US military aggression.

The Security Council on Thursday condemned Iraq's weekend decision to cripple the work of Unscom, the UN commission charged with dismantling Iraq's weapons of mass destruction. The resolution did not threaten the use of military force, and reiterated the council's readiness to hold a comprehensive review of sanctions if Iraq resumes co-operation.

However, the US and Britain believe they have the legal justification for a military strike if Baghdad refuses to reverse its ban on weapons inspections. Officials have made clear all options for dealing with Baghdad were on the table, including the use of force.

US officials said Mr Cohen, in meeting allies, did not specifically seek backing for a military strike on Iraq but was aiming to explain that all options to deal with Baghdad were being considered and to win support for the view that Mr Saddam bore the responsibility for the conflict with the UN.

The US is hoping that with the recent interim peace agreement signed between Palestinians and Israelis and the gravity of the Iraqi actions, the Arab world will be less opposed to a military attack on Iraq, should the US decide to take that course. Arab newspapers, however, reported this week that Mr Cohen was urged to search for a diplomatic way out of the crisis, even though Gulf governments agreed on the need for Iraq to comply with UN resolutions.

US to airlift Mitch aid

By Our International Staff

The US will today launch a big airlift of aid to Central American countries devasted by Hurricane Mitch, which recent estimates suggest may have claimed 11,000 lives.

Bill Clinton, US president, said he hoped the $70m aid package, accompanied by a US delegation led by Hillary Clinton and Tipper Gore, wife of the vice-president, would "inspire a global relief effort for the region".

The package includes $30m of military equipment to assist in the search for the 13,000 victims as yet unaccounted for in remote regions of Honduras, Nicaragua, El Salvador and Guatemala, along with $20m in emergency food and supplies. This, Mr Clinton said, would be followed by an additional $16m of disaster assistance over the coming week.

The airlift follows stinging criticism from Mexican officials that the US was dragging its heels over aid.

Yesterday, President Ernest Zedillo, renewed his call for international aid to help Mexico's neighbours.

In a letter to Mr Clinton, the leaders of Japan, European Union nations, and multilateral organisations, Mr Zedillo appealed for the international community "to unite all possible forces".

Earlier this week Mr Zedillo warned that Central America was facing the greatest human and social tragedy in its history.

Mexico has mounted one of the biggest airlifts in its history while Europe has announced approval of $8m in humanitarian aid.

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- and -
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New Tokyo plan to protect investors

By Gillian Tett in Tokyo

Thirty-seven foreign brokers in Tokyo said yesterday they would establish a breakaway investor protection fund next month because they fear that an official Japanese fund will not meet international supervisory standards.

The decision threatens to leave Japan as the first country in the world that operates two separate investor protection funds.

Consequently, it paves the way for a potentially damaging row between foreign brokers and some of their Japanese rivals in the coming weeks, since it is unclear whether the government will approve the new fund.

Some bankers are warning the battle could be a litmus test of the government's commitment to "Big Bang" deregulation. As one foreign banker said: "If it turns political, this will essentially be a referendum on Big Bang."

The issue has risen following the government's insistence that all brokers contribute to a new investor protection fund from December 1. The brokers' decision reflects concern that rising competition in Japan's financial markets will lead to widespread failures among weak Japanese brokers in the coming years.

The Japan Securities Dealers' Association, the industry body, has already devised a scheme for its own protection fund. This would aim to raise Y50bn ($430m) over the next two years, of which Y15bn would be drawn from member contributions.

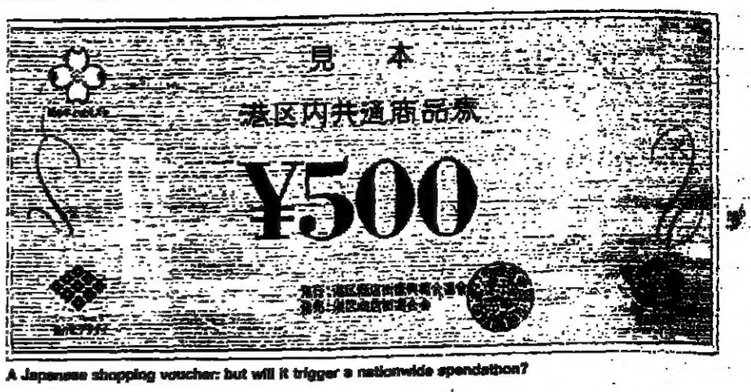
However, foreign brokers insist the fund does not meet international supervisory standards, since it does not force brokers to segregate their assets rapidly. This means that ailing brokers could plunder client accounts if they ran short of cash – and leave the members exposed to unlimited liability for losses.

Some foreign bankers fear that the Japanese government is in effect trying to force wealthy banks to bail out weak brokers, as the "price" for market entry. Over the last year, the foreign brokers have been winning an unprecedented level of market share and now account for more than 30 per cent of all trades on the Tokyo stock exchange.

"This is not about our willingness to contribute to an insurance fund. Rather, our concern is about the fund's design, specifically, establishing reasonable limits to industry liability," the foreign brokers said in a statement. "We believe the fund proposed by the JSDA falls short of addressing the critical issues...which will lead to a restoration of confidence in Japan's capital markets." The foreign brokers said yesterday a second fund was legally permitted.

Japanese ponder how to spark a spending binge

Gillian Tett and **Michiyo Nakamoto** report on local government experiments with subsidised shopping vouchers



A Japanese shopping voucher: but will it trigger a nationwide spendathon?

In a scruffy office in Tokyo's Minato-ku district, an experiment is under way that might make orthodox economists blink.

Minato's local government has started giving residents "shopping vouchers" in an effort to start a spending binge.

"This is our very own idea – we think it is quite original," said Yasuhisa Watanabe, Minato-ku's commerce director, as he proudly waved a voucher, embossed with a huge "Y500" (worth about $4.25) and a variety of traditional flowers. "We think it will help people to start spending money and help our local shops."

The big question now for the Japanese economy is whether Mr Watanabe's logic is correct. On November 16, the ruling Liberal Democratic party is to unveil a new Y10,000bn ($85bn) package to boost the economy. Komeito, a Buddhist-backed opposition party, is demanding that up to Y4,000bn of this be spent copying Minato's scheme. In particular, it wants to give Y30,000 shopping vouchers to every Japanese family in an attempt to trigger a nationwide spendathon.

The LDP insists any scheme should be restricted to low-income families. Some senior party members, including Taku Yamasaki, former LDP policy head, Koichi Kato, former chief cabinet secretary, and Junichiro Koizumi, previous contender for the party presidency, are openly critical of the scheme as an "idiotic" idea. But LDP politicians yesterday indicated that some form of voucher scheme would be adopted in the coming weeks, not least because the party needed Komeito's support to push crucial bills through parliament.

Supporters of the scheme are insisting that the plan could provide an innovative way to counter consumer gloom. Their reasoning starts with a recognition that tax cuts are barely working in Japan. Consumer spending has continued to fall, in spite of a round of tax cuts over the past year, because consumers have been saving, not spending, their tax breaks. But shopping vouchers could actually get consumers spending.

Some bureaucrats have questioned this logic, pointing out that gloomy households may still find ways to avoid buying goods, possibly by selling the vouchers into a secondary "black market". A survey carried out by the Tokyo Chamber of Commerce found that more than half of the respondents believed the coupons would not be very effective in stimulating consumption. More than 15 per cent believed they would have a negative effect in the long run.

But the local governments that have tried the experiment are enthusiastic. Sonobe, a district of Kyoto, for example, first started toying with the idea last year, when the mayor distributed some free shopping vouchers to mark the construction of a bridge. These proved so popular that this spring, Sonobe started selling subsidised vouchers to local residents. The town is taking some credit for the LDP's conversion to the idea: its mayor, Kazumi Nonaka, is a brother of Hiromu Nonaka, the cabinet secretary and a leading LDP policymaker. "The vouchers can be used at any shops, such as restaurants, hairdressers, petrol stations or repair charges for plumbing," explained Kazuo Sakaguchi, a town official. "It is good to vitalise the town."

Minato tells a similar tale. Last year it gave Y98m vouchers to "needy" local citizens. It then began selling subsidised vouchers, which were so popular that they sold out within two months. "I think because interest rates are so low, people think that they can get more value by buying the vouchers than saving their money in a bank," said Mr Watanabe, who points out that over 2,000 shops have joined the scheme.

But as Mr Watanabe admits, there is still a crucial catch. So far, fewer than two-thirds of the Y369m vouchers sold have actually been spent. This implies that some consumers are still choosing to "save" some of the vouchers, which do not have an expiry date – just as they would save cash.

Minato insists that the other third will probably be spent "soon". The LDP says it will avoid this problem by ensuring the vouchers carry an expiry date. But some officials fear that the problem will dog any nationwide scheme, however carefully constructed. "We will make the scheme as effective as we can," said one bureaucrat. "But unfortunately it seems that you cannot always force people to go shopping."

Liquidity squeeze spreads into northern China

By James Harding in Shanghai and Louise Lucas in Hong Kong

Financial problems at China's investment agencies appear to be spreading to the north of the country, with Dalian becoming the latest of the window companies to miss a foreign debt repayment.

Dalian International Trust and Investment (Ditic) missed a payment due on October 23, according to Sanwa International Finance, which was due a $5m principal payment on a $20m certificate of deposit (CD).

However, Sanwa and the other lenders, Westdeutsche Landesbank and Kredietbank Hong Kong, have not declared a default. Bankers Trust, which is acting as paying agent, said it had not been approached by the lenders.

The problems at Dalian Itic, the fund-raising arm of the municipal government of one of north-east China's most prosperous commercial centres, underline the extent of the liquidity squeeze facing trust and investment companies across China.

One foreign banker in Shanghai said: "There are a lot of problems ahead of us. The international banking community is holding back... It is going to affect anybody with maturing foreign liabilities."

China's international trust and investment corporations – "Itics" – have been struggling to repay maturing overseas debt since the sudden closure last month of Guangdong International Trust and Investment Corporation. The closure of Gitic, which had foreign debts of more than $2bn, alarmed foreign banks, many of which have stopped new lending to Itics, called in their credit lines and cancelled roll over loan agreements.

A number of other Itics, mostly from Gitic's home province of Guangdong in southern China, have since defaulted on loans to foreign banks. A trust and investment company from Hainan, the island off China's southern coast, has also defaulted on a loan, it emerged this week. Fujian Itic, up the coast from Guangdong, is also understood to be facing liquidity pressures. But the default by Ditic suggests that trust and investment companies all across China may be running into difficulty.

US call to EU on Asia trade

By Guy de Jonquières in Charlotte, North Carolina

The European Union risks triggering a protectionist backlash in the US, unless it opens its market wider to imports from troubled Asian economies, William Daley, US commerce secretary, said yesterday.

He also told a meeting of US and European business leaders that Japan's growing trade surplus with non-Asian economies was a "major source of instability", which could create political unrest in other countries by causing workers there to fear for their jobs.

Mr Daley's remarks are the toughest US warning on trade since the outbreak of the Asian economic crisis last year. They coincide with growing demands by US steel companies and unions for action by Washington to stem a rapid rise in Asian imports.

The commerce secretary said US imports of hot-rolled steel from Japan had increased more than five times this year, and the US bought 10 times more Japanese steel than did the European Union.

"We cannot sustain these rates. We alone cannot absorb all of Asia's imports. We will not be the dumping ground for troubled economies... unless Europe does more, there could be a huge public outcry that is loud enough to rekindle the fires of protectionism," he said.

Sir Leon Brittan, Europe's trade commissioner, said although EU imports from Asia were smaller than those by the US, they had risen faster so far this year. The EU would keep its market open to imports from troubled Asian countries, provided they fulfilled pledges to the International Monetary Fund to reform and liberalise their economies.

Sir Leon and Mr Daley both warned that they would rigorously implement anti-dumping policies against unfair trading practices by exporters in other countries.

The US and EU also agreed in principle yesterday to launch a new drive to lift transatlantic trade barriers and to try to align their positions in advance of negotiations due to start in the World Trade Organisation in the next two years.

Under a Transatlantic Economic Partnership plan, due to take effect this year, the two sides will focus on eliminating non-tariff barriers to bilateral trade by seeking to harmonise their regulations and standards and opening their services markets further. However, US-EU frictions re-emerged yesterday over threats by Washington to retaliate against the EU in a lengthy dispute over its banana regime. Sir Leon warned the US it would be "playing with fire" if it imposed unilateral measures without WTO approval.

Sweden mulls cuts in defence spending

By Tim Burt in Stockholm

The Swedish government is considering a radical overhaul of its defence procurement activities in an attempt to contain defence spending over the next 10 years.

A study commissioned by FMV, the Swedish defence procurement agency, has recommended a 17 per cent reduction in staffing and more international purchasing by the organisation.

The recommendations, if embraced by the government, could reduce the payroll at the agency by more than 400 to 2,150.

The 62-page report on FMV, produced by the Swedish arm of UK consultants Ernst & Young, suggested the agency could do more to exploit international consolidation in the defence industry by sourcing more equipment overseas.

That could also have a dramatic impact on orders placed with Sweden's defence manufacturers, which rely heavily on the FMV for weapons and support services contracts.

"This could mean that the FMV could buy more from other countries than in Sweden," said one of the report's authors. "It has to build competence and knowledge about foreign arms manufacturers and what they can offer."

The study marks the latest stage of a long-running campaign by the Swedish ministry of defence to achieve savings of some SKr2bn ($255m) a year over the next five years. Last month, Sweden's armed forces chiefs proposed a raft of options – including manpower cuts and reduced conscription periods – to help contain the country's annual defence budget at SKr41bn up to 2010.

The government has ordered substantial savings after deciding that Sweden, which is not a member of Nato, faced a reduced risk in the Nordic region and Baltic Sea basin following the collapse of communism in the former Soviet Union.

The FMV, which has annual revenues of SKr22bn, said it had not reached any final decisions following delivery of the Ernst & Young report, compiled during August and September.

Among its recommendations, the consultants suggested the FMV could out-source more non-core functions, including responsibility for spares and maintenance and military stores.

Most of the proposed job cuts would involve the transfer of personnel involved in stores and maintenance functions either to the armed forces or to private contractors. It is understood that the cuts, if accepted by FMV, would be phased over three years.

The consultants stressed, however, that their report did not suggest the procurement agency was ineffective.

Canadian jobless 8-year low

By Edward Alden in Toronto

Canada's unemployment rate last month fell to its lowest level since July 1990, dropping from 8.3 per cent in September to 8.1 per cent as Canadian businesses continued to hire despite fears of a slowing economy.

The strong October performance is the second straight month in which the Canadian labour market has shattered expectations, and may cause some revisions in the economic outlook for the year ahead. The current consensus is for growth of roughly 2 per cent in 1999, but most economists had predicted no job growth at all last month.

Another 57,000 jobs were added in October following a gain of 73,000 jobs in September, bringing yearly gains to 322,000 jobs, a 2.3 per cent increase over 1997.

The employment report will take pressure off the Bank of Canada to lower Canadian interest rates further, although the central bank is expected to match any future rate cuts by the US Federal Reserve.

After a dismal summer punctuated by strikes in the motor and construction sectors, a plunging dollar, four months of declining gross domestic product and a 25 per cent drop in the Toronto Stock Exchange, the Canadian economy has been regaining some steam.

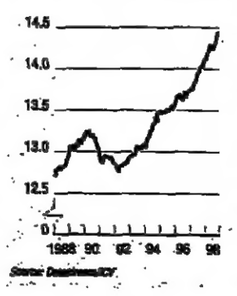
"It's great news in an environment where there has tended to be a bit too much gloom," said Craig Wright, deputy chief economist at the Royal Bank of Canada. "In the summer, there were a number of negative hits that over-exaggerated the slowing growth."

While corporate profits have generally been weak in the third quarter, the TSE 300 index over the last month has recovered almost half the ground it lost in the summer, manufacturing shipments are recovering strongly and the Canadian dollar has stabilised at more than 65 US cents.

Economists cautioned that the October employment rebound still leaves employment only slightly above March levels. In addition, recent weak reports on housing starts and motor vehicle sales in October indicate weakness in the domestic consumer economy.

Canadian growth remains wedded to developments in the US, which absorbs about 85 per cent of exports.

The October employment figures showed a rebound in full-time jobs and private sector jobs. Over the past few months, most job creation had been in part-time, public-sector or self-employed positions. There were also significant employment gains in every sector except primary resources, which has shed 13 per cent of its workforce in the last three months as commodity prices remained weak.



Killing spree jolts Indonesia

By Sander Thoenes in Jakarta

Achmad Sobari's crime was asking the way. His punishment was death by lynching.

Dozens of inhabitants of Bojong Gede, a small town 50km south of Jakarta, beat him senseless earlier this week, gouged his eyes, stuffed him in a bag, drove a car across his body just in case he had survived the bashing, and then dropped off his corpse at the local hospital.

The people of Bojong Gede were convinced Mr Sobari had come to murder Mr Matsuro, their *kiai*, or Islamic teacher. A mysterious spree of killing more than 140 *kiai*, sorcerers and other people has swept across the crowded island of Java in recent months, leaving millions of people in fear and, sometimes, mass hysteria.

"One night earlier this week, two men entered the house of the *kiai* while he was praying and attacked him with a machete," said Ayi Sujana, one of the *kiai's* neighbours. "He survived only because he has *ilmu* [magic power]."

"The next day this man drove up and asked where the *kiai* lived," added Mr Sujana. "People asked him what he wanted but he just grinned like a madman and said 'money, money'. So they beat him." Maybe Mr Sobari was an assassin. Maybe he was just mad.

Most of the recent victims have been neither sorcerers nor *kiai* but innocent passers-by, who were mistaken for assassins, including several who were mentally ill. Three undercover policemen were lynched when the thief they were chasing turned around and started shouting "*ninja*", the nickname for gangs of professional killers who dress in black and operate at night.

Prosecutors are preparing a mass trial of at least 157 suspects they have rounded up, but the killings continue.

In some cases, villagers have admitted to killing sorcerers themselves, blaming them for causing sickness or accidents. The sorcerers, called *santet*, ply their trade mainly with Moslems, who mix the Koran with pre-Islamic beliefs.

Some analysts believe these killings sparked a backlash against *kiai*, who represent a more orthodox Islam but claim magical powers too. This raised fears of a further escalation in violence, as the recent killings started in the same part of eastern Java where thousands of villagers were murdered in 1965 and 1966, accused of communist sympathies but often resented for unorthodox beliefs.

Indria Samego, a political analyst, accused some *kiai* of simulating attacks to rekindle support from villagers and spark renewed attacks on the *santet*. Mr Matsuro, for instance, had only scratches to show for the alleged machete attack.

Many Javanese, however, blame gangs of *ninjas* and believe a *dalang*, or Javanese puppet master, was pulling the strings.

Abdurrahman Wahid, leader of an orthodox Moslem organisation of *kiai*, has accused members of the cabinet of organising the killing spree to paralyse his group. He has tried to link up with a popular nationalist party, which leans to non-orthodox Islam.

Amien Rais, a prominent Moslem leader, suggested army officers might have organised the killings in an effort to spark calls for the military to restore order and end Indonesia's experiment with democracy.

In at least one case, a detained suspect said he had been trained by the military. When villagers handed over four active soldiers to a local jail, accusing them of planning killings, police let the four get away.

Conspiracy theories run wild any time in Indonesia but a government fact-finding team gave credence to one of these earlier this week when it concluded there was sufficient evidence to believe that military officers had been among those who instigated massive riots in May.

If there is a *dalang*, he is playing with fire. The killing spree of 1965-66 left more than half a million dead.

"Violence has its own logic," Mr Rais said. "Once you unleash it, you can't control it."

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SCOTLAND ATTACK ON INDEPENDENCE CAMPAIGN COMES IN ADVANCE OF FIGURES SHOWING REDUCTION IN COUNTRY'S FINANCIAL DEFICIT

Chancellor joins in war on nationalists

By Andrew Parker, Political Correspondent

Gordon Brown, chancellor of the exchequer, yesterday stepped up the Labour government's offensive against the Scottish National party, in advance of new figures which will boost the nationalist argument that Scotland can afford independence.

Mr Brown suggested in a speech to the Scottish Institute of Directors that the impact of Asia's financial crisis in Scotland, as evidenced by failed inward investments, would be trifling compared with the disruption caused by independence.

"So great is the degree of integration [between Scotland and England] that the majority of Scotland's trade is with England and thousands of jobs in Scottish and British firms depend on this trade," Mr Brown said.

With the elections to the Scottish parliament just six months away, the government figures to be published in two weeks will show a reduction in Scotland's financial deficit. However, Labour will say Scotland's deficit is due to worsen significantly at the millennium, strengthening the case for the country remaining part of the UK.

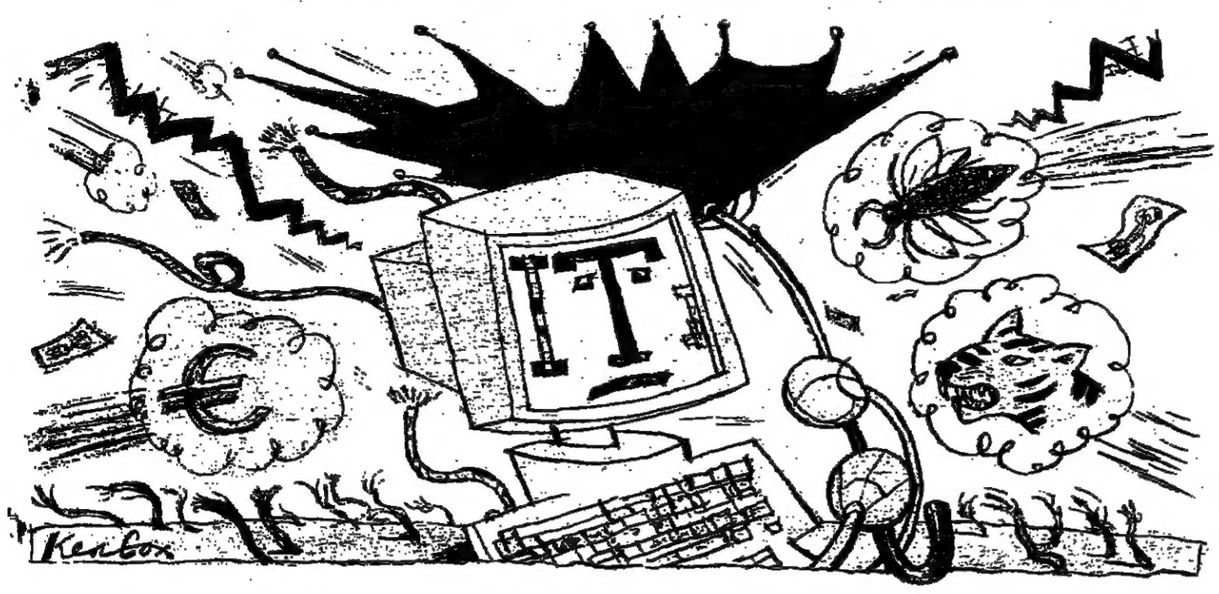
Yesterday, Mr Brown said: "Just about all Scotland's top 50 companies have a bigger market in England than in Scotland, and Scotland would suffer if the connection with Britain was broken." The nationalist party campaigns for an independent Scotland in the European Union.

Next week, Tony Blair, the prime minister, will consolidate the attack on the SNP during a visit to Scotland. Recent opinion polls suggest Labour is just ahead of the SNP in the battle for control of the Scottish parliament.

Government figures show Scotland's deficit in 1995-96 was £7.4bn ($12.5bn). If North Sea oil revenues are included, the deficit was £5bn. The figures in the 1996-97 Government and Expenditure Revenue in Scotland report, due later this month, are expected to show the deficit fell to about £7bn, or £3bn if oil revenues are included.

The downward trend should continue in 1997-98, in line with the overall improvement in the UK's fiscal position and a rise in oil revenues. However, from 1998-99, Scotland's deficit is expected to increase again because of the economic downturn and a significant fall off in oil revenues. The price of oil has plummeted, and there is a question mark against whether the SNP can continue to claim that Scotland has a right to 90 per cent of the revenues.

There has been a shift to exploration of the English rather than the Scottish continental shelf, and a wider move towards gas-fired power stations. These factors could result in an independent Scotland being able to lay claim to only 70 per cent of North Sea oil revenues.



Buoyant IT hit by global backwash

By Christopher Price in London

The chill wind blowing through the global economy has finally caught up with that most buoyant of sectors – information technology. Most IT stocks listed in London have been robbed of their gains this year.

The IT index, introduced at the start of the year, climbed 87 per cent in the first seven months, outperforming the market by 60 per cent. It then fell to below its starting value but has since staged a partial recovery although it has still underperformed the market by 20 per cent since its July peak.

Among the worst hit have been the biggest names in the sector. Misys, the software and services group, which this summer became the first British IT company to enter the FTSE 100, has seen its market value fall from £4.1bn to £2.5bn ($7bn to $4bn) in the past five months.

This week, Microfocus sent a fresh shudder through the sector. It warned that US demand for work preparing computers for the 2000 date change has already peaked, and that European demand would start to dry up within nine months.

There are several reasons for the general downgrading. First, the crisis in the south-east Asian markets has hit many IT companies hard, given the region's position as a large manufacturer and a consumer of advanced technology products.

Second, concerns over the impact of the difficulties in the global banking market have had a severe effect. The financial services sector is a leading consumer of technology products and services.

Fears of cuts in this area are not confined to the UK. The share price of SAP, the German software group, has fallen by 40 per cent in the past three months while Baan, its Dutch competitor, last week issued a profits warning.

Finally, worries over a global meltdown have exacted a toll. While much company and public IT spending has become essential, some is still considered discretionary. The fear is that a recession would hit a large chunk of IT outlay.

Yet these factors only partly explain the correction to prices. For many analysts, the scale of the retreat reflects the fact that it had become overheated. "This was a correction waiting to happen," says Patrick Yau at stockbroker Nomura.

> 'This is not the end of growth in the market... but simply a slowing down in the rate'

Enthusiasm for IT stocks reached its peak in July when price/earnings ratios above 40 were not uncommon among software and services companies. Such keen interest in IT was hardly surprising. In the past two to three years, it moved from the fringes of corporate life into the business mainstream. Moreover, there has been the far-reaching impact of two issues in particular: the millennium "bomb" (the predicted problems of date change) and the single European currency. Each requires huge commitment to new IT systems by government and industry.

Interest was stoked further by the introduction of the IT Index. Microfocus apart, most companies have done well enough. The UK market in particular has been buoyant: growth rates of more than 30 per cent have been common. Cap Gemini, the French-owned IT services group, recently reported a 55 per cent rise in annual revenues from its British operations.

These positive factors still apply but are tempered by general economic conditions. "This is not the end of growth in the IT market," says Richard Holway, an independent IT analyst, "but simply a slowing down in the rate." He forecasts a decline in that growth rate from the 20 per cent plus experienced in the past two years to about 8 per cent in 2000 and beyond.

However, he points out that this is still well ahead of the average growth forecast for the UK economy as a whole.

Other analysts also expect slower growth early in the next millennium as spending on the "bomb" problem ends while that associated with the euro is spread over several years.

Where, then, does this leave the recent share-price correction? With forward p/e ratios still in the early 30s for many stocks – more than twice the stock market average – some analysts are pessimistic. Ross Jobber, at Deutsche Morgan Grenfell, predicts further weakness as the UK economy falters.

But not all observers are so cautious. Peter Wyatt, at Credit Lyonnais, says: "The reason I would want to be in this sector is that it is going to be a bigger part of the economy in five years."

Insurers challenge coercion plan for tax probe

By Christopher Brown-Humes in London

Life insurers based outside the UK are challenging government proposals aimed at forcing them to provide greater information about UK residents' tax liabilities. They argue that the proposals, which are contained in the recent Finance Act, break European law and introduce excessive red tape.

Under the plans, life offices outside the UK would have to inform the UK Inland Revenue when UK residents and expatriates cashed in their insurance policies, to ensure any gains are taxed.

The aim is to clamp down on tax avoidance costing as much as £100m ($169m) a year. UK life offices are already obliged to notify any such gains.

The Association of International Life Offices (Ailo) has made an application for judicial review of the proposals. It said they imposed "excessive burdens on overseas life companies seeking to do business in the UK".

It added: "In order to comply, companies will have to search through many years of records, build complex computer systems and establish a representative in the UK. These costs are so overseas companies can help the Revenue to police UK taxpayers."

There are also concerns about breaching client confidentiality. Stuart Fairclough, chairman of Ailo, said: "The new rules require overseas insurance companies to recreate historic data in order to supply information about the position of policyholders.

"This costly exercise makes it more expensive for overseas companies to do business here than for UK companies. This is a clear breach of EC fair competition rules. Ailo has the opinion of an eminent QC [lawyer] that the new law will be struck out by the European court."

The earliest the new rules were due to come into force was next April – but that could be delayed by the legal process.

Ailo says operation of the rules should be suspended until the court has decided the matter, to ensure companies do not incure costs while the issue is under revue.

The Inland Revenue said: "We haven't published our draft regulations yet so this action is premature." It had been advised that its proposals did not breach European law.

N Ireland calls for role in Brussels

John Murray Brown in Dublin

The Northern Ireland assembly should have a permanent representative office in Brussels, according to David Trimble, the region's first minister.

Mr Trimble's comments were made during a visit this week for talks with senior European Union officials. A Northern Ireland minister for European affairs is also under consideration.

The Northern Ireland peace agreement calls for "effective co-ordination and input to national policy-making including EU issues." Mr Trimble is pressing the UK government to allow ministers from the Northern Ireland administration to join the UK delegation at meetings of the EU Council of Ministers. A precedent for this exists in regional parliaments in Germany, and in Austria.

Commission officials doubt the UK government is ready to follow suit. Ministers argue the government has to negotiate with a single voice.

But Mr Trimble is more optimistic. He predicted the assembly would have a "better view of what is achievable" after European leaders meet at the Vienna summit next month.

Members of the Northern Ireland assembly were welcomed this week by Jacques Santer, Commission president, and four senior commissioners. One Commission official said he could not remember a regional delegation receiving such red carpet treatment.

The region has secured heavy economic aid from the EU in the past. But as income levels rise, Northern Ireland will not qualify for regional aid under the next round of structural funds, worth about £200m ($338m) a year.

Mr Santer told the delegation of 80 assembly members: "As you seek a new dawn – and how we welcome it – I hope you will be asking yourselves not just 'what can you get from Brussels', but also 'what can you do for the European Union'."

Aware that the battle for EU spending will be a major issue for the assembly, Mr Santer warned: "The European Union is not a rubber-stamping cheque book. In the future funds will continue, quite rightly, to be focused on those areas most in need. It is an illusion to think our budget will increase in real terms. And there will be more mouths at the table with new countries to support."

● Bertie Ahern, prime minister of the Republic of Ireland, said during a visit to Northern Ireland yesterday that he was working "flat out" to resolve the continuing deadlock about "decommissioning" weapons held by paramilitary groups. "The difficulties have to be surmounted and they have to be surmounted quickly," Mr Ahern said. "There is an enormous amount of logistical work to get through."

Innovator needed at the Marks and Spencer counter

Evidence of retailer's growing pains has focused extra attention on likely candidates for chief executive, **Peggy Hollinger** reports

When Lord Rayner took over from Marcus Sieff as head of the Marks and Spencer retail chain in 1983, the story goes that he pulled a crumpled piece of paper from his pocket. On it, he had outlined his plans to modernise Britain's most trusted clothing and grocery chain.

"That piece of paper had been in his pocket for five years," says one who knows the story well.

News that Sir Richard Greenbury, Lord Rayner's successor, is likely in May to split his roles of chairman and chief executive is leading many to hope that somewhere in the company's London headquarters there is another crumpled piece of paper.

The question which has preoccupied analysts, investors and media in recent weeks, is in whose pocket it might be. The company has just reported its first drop in profits in seven years and is feeling the growing pains of a business trying to go global.

When Lord Rayner took over, insiders say M&S was in desperate need of an innovator.

"It had come to be a bit of a stodgy performer," says one onlooker. So the diversification into financial services and expansion outside the UK – although criticised at the time – was just what M&S needed.

In 1988, Sir Richard was the right man to pick up the baton. "Lord Rayner chose Rick because he would consolidate what had been done until then," says an insider. "Now you need an innovator again."

In the past, it was thought the succession centred on two of the group's four joint managing directors: Keith Oates, deputy chairman and long-time favourite as heir apparent, and Andrew (now Lord) Stone, who is in charge of the food business.

Mr Oates, a former finance director, has worked for Rolls-Royce and IBM and is a director of Diageo and British Telecommunications. His supporters argue that if innovation is what is needed, then Mr Oates – the first outsider to have been appointed to the M&S board – is better equipped than most to think beyond the constraints of the company's strong internal culture.

Lord Stone, moreover, appears to have ruled himself out of the race since becoming a working Labour party peer last year.

In recent months, a third candidate has emerged to challenge Mr Oates. Quiet and reserved, Peter Salsbury is known by few in the City although he has been at M&S for 28 years.

Mr Salsbury is described by those who know him as an intensely reserved man, but direct and assured. He started at M&S in 1970 when just 21, a management trainee after graduating from the London School of Economics. In his time at M&S he has run footwear, home furnishings, women's wear, personnel and store operations.

In the latest reshuffle in March, Mr Salsbury was made the joint managing director in charge of clothing, home furnishings, mail order, European retail and international franchises.

But his home-grown, and largely UK, pedigree is likely to count in his favour as far as the majority of M&S directors are concerned. Moreover, his retail expertise is often cited as a advantage over Mr Oates' financial background.

"Peter is the one with the greater understanding of the business," says a colleague of both candidates.

"Keith has the breadth of experience and the financial background to lead M&S in a more conventional chief executive way," says another colleague. But he adds: "Rick has often said that no bean-counter would ever run the business."

The big question for the company's critics will be whether a man who has grown up under the forceful Sir Richard will be able to make the changes in the company's highly centralised structure which some believe are necessary.

Outsiders would be wrong to assume Mr Salsbury would not be his own man. "He is certainly not a clone of Rick," one insider says. Mr Salsbury could be the needed innovator: according to one colleague he has the ability to think "outside the M&S box". "You will see more new thinking coming out of him than might appear to be the case at the moment," says an associate.

Should Sir Richard decide to retire early as chairman once he has the new chief executive settled in – as happened when he himself took over from Lord Rayner – then age may prove the deciding factor. Mr Oates is 56. Mr Salsbury is some seven years younger.

NEWS DIGEST

CAR INDUSTRY

BMW rejects trade union leader's job cuts claim

Top-selling UK cars
October 1998

Vauxhall*	Vectra
Vauxhall*	Astra
Ford	Escort
Ford	Fiesta
Ford	Mondeo
Vauxhall*	Corsa
Renault	Megane
Renault	Clio
Volkswagen	Golf
Rover	200

Source: SMMT * General Motors

A trade union leader has claimed that senior figures at BMW want to shed up to 5,000 jobs at Rover car factories in the UK – twice as many as previously feared. BMW yesterday denied there were any specific job cut targets for Rover, and the number of redundancies required would depend on union attitudes to Rover's calls for more flexible working practices. The warning was sounded by Tony Woodley, Transport and General Workers' Union national secretary for the motor industry. BMW was working on figures of saving £30m ($50.7m) by axing 1,000 jobs, said Mr Woodley. On those figures "hawks" on the board wanted to save £150m through 5,000 job cuts, he said. BMW's share price, which has slipped 50 per cent over 12 months, also jeopardised the chances of the £3bn investment required at the outdated Longbridge plant in the English Midlands, said Mr Woodley. Last week it emerged that BMW planned further job cuts – estimated at about 2,400 – on top of 1,500 temporary posts axed since July. **Juliette Jowit, Birmingham**

● Rover saw a sharp reduction in its share of the UK car market last month. The Society of Motor Manufacturers and Traders said the company's share of new car registrations in October slipped to 6.56 per cent, from 9.81 per cent in the equivalent month last year. The only Rover car in the nation's top 10 sellers in October was the 200 model in 10th position. **Peter Marsh, London**

CINEMA INDUSTRY

Tax break plan for US films

The government is considering offering tax breaks to blockbuster films in an attempt to persuade more Hollywood producers to shoot big-budget movies in the UK.

The six costliest films shot in the UK last year provided 50 per cent of the total £464m ($785m) invested in production, according to the British Film Commission. The films were all US-financed. It has since become increasingly difficult for UK production studios to attract Hollywood blockbusters.

The pound's strength against the US dollar is one factor; another is that other countries have stepped up their efforts to woo costly US productions. Earlier this week, George Lucas announced he would film the next two *Star Wars* prequels in Australia, rather than the UK, where the earlier series of films were shot. **Alice Rawsthorn, London**

AGRICULTURE

Organic food demand leaps

Organic food, helped by persistent consumer concerns about pesticide residue and BSE, is one sector of the agriculture industry having a bumper year. Demand is expected to grow from £260m ($440m) in 1997 to more than £350m this year. This increase comes after a 40 per cent surge in organic food sales in 1996.

Despite the recent growth of the organic food industry, the UK lags well behind the European Union in production of organic foods. Only 0.5 per cent of total farmland in the country is organically managed against the EU average of 1.33 per cent. **Rahul Jacob, London**

PRIVATE FINANCE LANDMARK

Flagship school to be rebuilt

Westminster City Council is to press ahead with controversial plans for a £32m ($54m) private finance project to rebuild Pimlico School, a flagship comprehensive school in the heart of London and a favourite academy for the children of Labour ministers and actors and musicians.

The decision by Westminster – a council run by the opposition Conservative party – to be announced next week, could trigger a spate of deals under the "private finance initiative" and rekindle government proposals for reviving the under-resourced state school system with private sector funds. The PFI scheme, which dwarfs the only other single-school deal, has been put together by the St George's Square Partnership, a consortium comprising Costain Engineering and Construction, Kier, Tilbury Douglas and Berkeley Homes. **Simon Targett, London**

DEFENCE CONTRACT

US companies in joint study

Logica, the computer consultancy and software group, is to carry out a feasibility study on unmanned aerial vehicles (UAVs) for the Royal Air Force under a contract awarded by the Ministry of Defence.

The study is one of a number under way in the Future Offensive Air System project to replace the RAF's long-range strike capability when the Tornado GR4 reaches the end of its life in about 20 years. The MoD is considering a mix of manned aircraft, UAVs and missiles. Logica's study will be undertaken with Teledyne and Raytheon of the US. **Alexander Nicoll, London**

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FINANCIAL TIMES

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Saturday November 7 1998

All pulling together

From global financial meltdown to mere economic slowdown in the space of a month – the stellar pace of adjustment in stock market expectations is astonishing. So much for the Russian default, the trials of Brazil and the tribulations of Long-Term Capital Management, the unlamented hedge fund. Global recession, it seems, is yesterday's worry. The postscript to this dramatic about-turn is that the Dow Jones Industrial Average is less than five per cent off the all-time high it reached on August 17.

In any other sphere of human activity such a mood swing would be regarded as febrile. Yet the markets, if they were capable of offering an apologia, would be entitled to fall back on Keynes's celebrated excuse. "When the facts change," the great man is alleged to have said, "I change my opinion. What do you do, sir?" And, of course, the circumstances today have changed a great deal.

If markets were previously rattled, it was because the world economy seemed in no state to cope with a serious financial shock. This was the natural consequence of a cycle marked by global over-investment and excess supply, which left the world economy vulnerable to deflation for the first time since the 1930s. To pre-empt an economic disaster a decisive easing of policy was urgently needed.

Until very recently that was something the world's policy establishment appeared ill-equipped to deliver. After the Russian débâcle the credibility of the US Treasury and the International Monetary Fund was at a low ebb. President Clinton appeared a lame-duck leader as the Lewinsky affair dragged on. Europe was preoccupied with the monetary experiment in its own backyard, while Japanese politicians were caught in a state of argumentative paralysis.

Political inertia

Now the worry about political inertia has been substantially dispelled. In response to financial distress and signs of a credit contraction, the US Federal Reserve took early action to reduce interest rates. For its part, the US Congress proved more emollient than expected in paving the way for the recapitalisation of the IMF, raising hopes that a credible rescue package for Brazil might now be possible.

Then came new proposals from the Group of Seven industrialised countries to support developing countries confronting financial trouble. These have been followed by interest rate cuts in Europe amounting, in Britain's case on Thursday, to half a percentage point. Just to round off the picture, a happy mid-term election result for the Democrats breathed new life into the Clinton presidency. Cue markets, for a heady November bounce.

It is possible to argue with the absolute level of equity markets in the US and Europe, but to agree with the more optimistic direction. The flexibility shown by the central bankers in monetary policy provides precisely the right conditions to address the continuing problems of Asia. For by helping attenuate the economic cycle, it will make it easier for the more troubled Asian economies to trade their way out of their difficulties.

Business confidence

In some ways this is reminiscent of the aftermath of the 1987 stock market crash, which elicited a similar expansionary response from policymakers. Yet there are important differences, notably in the more deflationary environment that now prevails. It is striking that business confidence in the developed world is eroding very rapidly and that the cold wind now extends beyond those companies directly exposed to Asia – to the likes, even, of retailers Marks and Spencer.

A more fundamental point is that Japan, the world's second largest economy, has scarcely begun to address its problems. A measure of its difficulties could be seen in financial markets this week, when big US and European banks started to impose negative rates of interest on yen deposits. The message was that depositors were worried about Japanese counterparties, while the depositors were willing to incur a penalty simply to place their money outside the troubled Japanese banking system.

At the same time Europe is embarking on its experiment in economic and monetary union with new left-of-centre governments that have little time for the Maastricht Treaty provisions that call for fiscal orthodoxy. The scope for political friction and economic trouble is evident.

In the absence of much inflationary pressure around the world, there is no need for a global recession. If the politicians and central bankers play their cards well, it need not happen anyway. The heartening feature of the past month is that they have shown that intelligent co-operative action is possible. But they will have to be ready to sustain such action if the current expectation of lower growth is not to turn into no growth.

Conflicting interests

The Bank of England delighted the UK's hard-pressed manufacturers this week by cutting base rates. **Robert Chote** asks whether its generosity is justified

British business was cock-a-hoop this week, as the Bank of England granted its wish for an aggressive cut in interest rates. The Bank's monetary policy committee lowered rates half a point to 6.75 per cent, the largest single reduction since the months after sterling's ignominious departure from the European exchange rate mechanism in September 1992.

"We believe it is the correct action: half a point is just the right amount," enthused Adair Turner, head of the Confederation of British Industry.

But a cut in rates of this magnitude could be interpreted in one of two ways. Perhaps, as the cheerier industrialists hope, it demonstrates that the Bank has abandoned its habitual caution and is taking decisive and timely action to smooth the ups and downs of the business cycle. Alternatively, as the more pessimistic observers fear, it may be a sign of panic that highlights the deep mess in which the British economy now finds itself.

Gordon Brown, the chancellor, understandably inclines to the former view. His pre-Budget report on Tuesday outlined an unthreatening prognosis for the British economy, in which a downturn very modest by the standards of recent cycles is followed swiftly by a period of above-trend growth as the economy makes up lost ground.

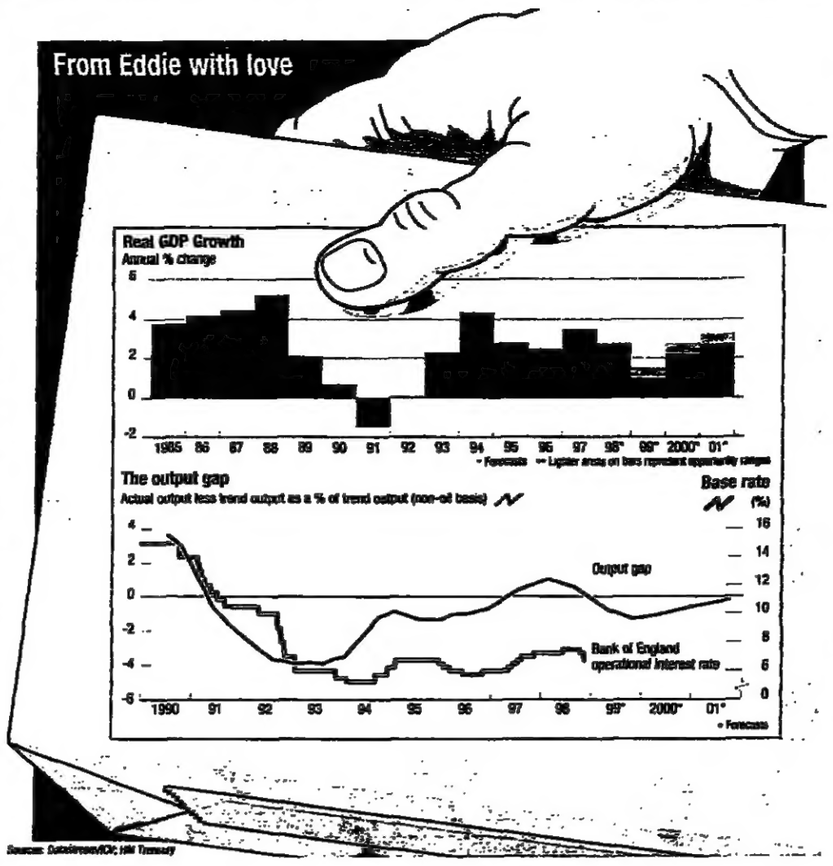
For the fact that Britain faces an economic downturn at all, Mr Brown accepts no responsibility. He blames Kenneth Clarke, his Conservative predecessor, and unfavourable developments in the world economy.

Mr Clarke bequeathed his successor an economy with little spare capacity and growing at twice the 2.25 per cent a year rate it could probably sustain over the long-term without pushing up inflation.

With his jawline set as firmly as that of an Easter Island statue, Mr Brown acted decisively on taking office: he handed control of interest rates to an independent Bank of England and tightened fiscal policy in his first Budget.

Growth was finally brought below its long-run trend rate at the beginning of this year, by which point economic activity was 1 per cent above the level consistent with stable inflation. According to the Treasury, most of this positive "output gap" has since been eroded, although the pre-Budget report says the UK still needs "a slowing of activity to maintain low inflation and put the economy back on track for sustainable growth".

Mr Brown forecasts growth of 1-1.5 per cent for next year, which will take economic activity more than 1 per cent below full capacity late next year. This should bring domestic inflationary pressure in line with the government's 2.5 per cent target before the economy returns to its long-run trend path. For now, relatively high domestic inflation is being masked by the 12 per cent fall in import prices since sterling began to climb in 1996.



Sources: Datastream/ICH; HM Treasury

Although the economy was already slowing under policies put in place last year, the process risked going too far because of the slowdown in the world economy brought about by the financial crises in Asia and other emerging markets. Since the autumn the Treasury had been hinting with ever less subtlety that weaker world trade growth and shrinking stock market wealth justified lower domestic interest rates. Fortunately for Mr Brown, the monetary policy committee agreed.

This is a nice story. But the aggressiveness with which the Bank has now started cutting rates – three-quarters of a point since October – suggests the MPC may not be as confident as the Treasury of a happy ending. We will have a clearer idea on Wednesday from the Bank's latest quarterly inflation report.

The Treasury's account raises questions both about its understanding of history and its predictions for the future. Has it been correct in its assessment of recent movements in the output gap? And is it realistic in assuming there is only a modest slowdown already in the pipeline?

Assessing the output gap is no easy task. It involves comparing an imperfect measure of current activity with an unobservable estimate of productive potential.

Output gap calculations are particularly uncertain at present because of far-reaching revisions to the national accounts introduced in September. These raised cash estimates of national output last year by more than £15bn or a little under 2 per cent. With both methodological changes and extra information on hitherto unmeasured economic activity included, it is difficult to know the net effect on the output gap.

Businesses and mortgage-holders greeted this week's rate cut as an early Christmas present

David Walton, at Goldman Sachs, argues that economic activity has been about 1.5 per cent above its sustainable level all year. He assumes that activity was at its sustainable level in the fourth quarter of 1990 and that productive potential grows by 2.25 per cent a year. He also takes into account the likelihood from past experience that output estimates will be revised up again.

Mr Walton also disputes the Treasury's claim that the output gap has narrowed since the first quarter of this year. He points out that growth has been in line with trend and that unemployment has continued to fall – a sign that output is growing more quickly than productivity. The Treasury counters that movements in unemployment lag movements in output and that its preferred measure of economic activity – gross value added at market prices (excluding North Sea oil) – has grown less quickly than headline output measures.

This may sound frightfully arcane, but if economic activity is running further above its sustainable level than the Treasury thinks, then the downturn will have to be correspondingly deeper to squeeze inflationary pressure out of the system.

The second question posed by the Treasury's pre-Budget report is whether its growth forecast for next year implies it is underestimating the slowdown already in the pipeline. Some economists argue that the Treasury may have factored in the aggressive interest cuts that the Bank is now implementing. But the long lag with which monetary policy operates means that rate cuts today will probably do more to boost the calendar year growth rate in 2000 rather than 1999.

The Bank's explanation for this week's rate cut was bland in the extreme, pointing out it had lowered its growth and inflation forecasts in the face of a deteriorating domestic and international environment. Behind the scenes, the Bank may have decided to place more weight on gloomy business and consumer surveys, especially as the average earnings data that it used to justify the last rate increase in June have since been discredited.

But like the official data on economic activity, the surveys are open to different interpretations. Take the CBI's authoritative industrial trends survey, which recently showed confidence among manufacturers at an 18-year low. In the past a reading this gloomy has reliably been associated with falls in national output of 4 per cent a year.

Partly because of its trade exposure, manufacturing has in the past accounted for much of the variation in economic growth, even though it accounts for only about 20 per cent of national output. But Adam Cole and colleagues at HSBC Group argue that the gulf between the weak manufacturing sector and the strong service sector has been so wide in recent months that the survey can no longer be relied upon for an accurate picture of the economy as a whole.

Consumer surveys may also provide a misleading predictor of spending in the shops. Mori's monthly survey shows people's confidence in the outlook for the economy at its lowest level since sterling's devaluation in 1992, but a GfK survey for the European Commission shows that people's confidence in their personal finances is much more robust. All the more so, potentially, in the wake of big mortgage rate cuts timed conveniently before the Christmas trading season.

One of the biggest uncertainties about Britain's growth performance next year merits only a brief mention in the pre-Budget report. During the course of this year inventories have increased sharply, presumably because orders have fallen short of expectations and production has piled up on store-room shelves.

Inventory-to-output ratios are well above trend and at some point producers will slow output significantly to clear their shelves. Stockbuilding had added half a point to economic growth this year and the Treasury expects it to remove half a point next year. But the timing and the magnitude of the inventory cycle are both highly uncertain.

Businesses and mortgage-holders have greeted this week's rate cut as an early Christmas present, but it remains to be seen if they are still as entranced when the wrapping comes off. History tells us that economists usually underestimate the ups and downs of the cycle. But, Mr Brown assures us, public and private sector balance sheets are in good condition and policymakers are reacting with unaccustomed foresightedness. This time, he says, it will all be different.

LETTERS TO THE EDITOR

A sounder theory on climate change

From Mr Fredric M. Steinberg.

Sir, The article "Hot and bothered over climate change" (October 31-November 1) illustrated everything that is wrong with the global warming monologue. While describing a handful of the manifold objections many scientists have lodged against the theory of global warming (the Petition Project in the US has more than 15,000 scientist signatories), Vanessa Houlder omitted several more important arguments.

She describes centuries of climate variability, but neglects variability in the preceding aeons: a much more sound theory suggested that the dinosaurs thrived under an unduly warm climate, brought about with nary the aid of a single fossil-fuel burning smokestack.

Nor are we given a clear delineation of the possible beneficial aspects of increased mobile carbon compound in a warmer environment, with some studies showing a vast increase in plant growth, possibly spawning an encore to this century's green revolution.

Finally, we are presented with the hackneyed, namby-pamby argument, "better safe than sorry", and the "world could end" unless "action" is taken. Unfortunately Ms Houlder fails to summarise what would happen if indeed anti-global warming action is taken.

As human living standards are directly related to access to cheap, reliable energy sources, the mass of humanity stands to lose. If the measures of the Buenos Aires protocols are adopted, for which Ms Houlder pleads, those sources will be choked off in such wise that we will return to the days when human bodies provided the grist of the mills to the greater glory of the Caesars, satraps, and sundry contemporary tyrants of the green sash.

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Hedging a smaller bet

From Mr Fletcher Robinson.

Sir, The piece by Peter Martin "Hedge of the abyss" (November 3) is a classic example of journalistic disinformation about hedge funds. For example, he describes the Tiger Funds (for which I hold no brief whatever) as taking "deliberately risky" bets when the publicly stated rationale of the fund manager over some 20 years of outstandingly successful investing has been to target returns taking the least amount of risk consistent with producing those returns.

He talks of $5bn of losses in two months, without saying what that translates into in terms of performance. In fact, the Jaguar fund is about 10 per cent down this year to date. If there is a loss for the full year, that would be, I believe, Tiger's first annual loss ever.

More insidiously, he uses the phrase "deliberately risky" again later when he talks of investors being "forced ever further into the unknown, discounting earnings that are no more than hypothetical, relying on the infinite projection of hiccup-free growth and so on". The implication is that funds such as Tiger manage money in that way, which is laughable.

The main point he misses is that many investors go into hedge funds precisely because they want their money managed in a less risky way than traditional "long-only" funds can offer.

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Diplomatic status must be respected

From Mr David Read.

Sir, Whatever we may think of the behaviour of Chile's General Augusto Pinochet, he is travelling on a diplomatic passport that has been granted by the democratically elected government of his country and we must respect this.

Once the validity of such passports becomes a matter of discretion, then so too will become the sovereignty of embassies and the safety of all those who work in them.

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Logic in a class of its own

From Mr Mark Bates.

Sir, To describe the past and present structure of English society solely in terms of class division, or of class struggle, is, as David Cannadine rightly argues (Weekend FT: "Stop being a nation of class worriers", October 31-November 1), to over-simplify a "complex reality". But to conclude that the "best way" to make England a classless society is to refrain from trying to do anything about social inequality, and to stop talking about class at all? I confess to being at a loss to follow Mr Cannadine's logic.

Just because those conceptions of the English class system offered by the likes of Marx and Orwell are overly reductive does not prove that, in "reality", such a system never in fact existed; or that it does not exist today. When it comes to over-simplification, I'd say that was a case of the kettle calling the pot black.

Of course, I recognise that from where Mr Cannadine is standing, the notion of England being a nation of opposed classes might appear to have little or no basis in lived experience. But for those of his fellow countrymen who live in the inner cities of England's principal towns and cities – whose life chances, if not as drastically as their forebears, are to a fairly significant degree constrained by social forces outside their control – I suspect it denotes a "reality" with which they are all too familiar.

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هكذا من الاصل

MEN IN THE NEWS AL GORE AND GEORGE W. BUSH

Blue-blooded rivals

Mark Suzman assesses two US presidential hopefuls who are more alike than they would care to admit

For two political enemies, Al Gore and George W. Bush have a great deal in common.

They both hail from Washington political dynasties; they boast Ivy League educations; and they both have a strong personal attachment to the American South. Even their political philosophies initially look similar, combining fiscal conservatism with carefully targeted government programmes, especially for ethnic minorities.

Nevertheless, Mr Gore, US vice-president, and Mr Bush, the Texas governor, seem destined to be rivals.

President Bill Clinton aside, Mr Gore and Mr Bush were arguably the two biggest beneficiaries of this week's US mid-term elections. They are now strongly favoured by political pundits and bookmakers to win, respectively, the Democratic and Republican nominations for the presidential race in 2000.

It is a intriguing face-off between the man who wants to carry on President Clinton's legacy and the son of the president Mr Clinton defeated. At the time few could have foreseen such as contest six years on. While Mr Gore has been a prospective Democratic president for more than a decade, Mr Bush is a relative neophyte who only came of political age in this week's poll.

In exit polls, 64 per cent of Democrats said Mr Gore would be their first choice as presidential candidate with Richard Gephardt, the House minority leader, trailing at 19 per cent. Among Republicans Mr Bush was favoured by 59 per cent, followed by Dan Quayle, his father's vice-president, with nine per cent.

Despite their common status as part of the nation's political elite, Mr Bush remains more of an outsider. "George W. Bush is a real Texan while Al Gore is a product of the Washington establishment," says Stephen Hess, a political analyst who has written a book on US political dynasties.

Mr Bush had been treated with suspicion by the party's powerbrokers in Washington. At best, he was regarded as untested on a national stage; at worst he was seen as just a famous name.

But even critics have been forced to admit that Mr Bush's re-election was impressive. He garnered an astonishing 69 per cent of the total vote, including 27 per cent of blacks, 49 per cent of Hispanics and 65 per cent of women – virtually unprecedented for a Republican anywhere, let alone in a state with a strong Democratic tradition.

More important, in contrast with the Republicans' lacklustre national showing, Mr Bush's victory along with that of his brother Jeb in Florida, was the most positive news of the week for a party that saw its hopes of consolidating power in Congress dashed.

Mr Bush's victory elevated him from the pack of Congressmen hoping for a run at the presidency. It also enabled him to focus national attention on his philosophy of "compassionate conservatism" – a softer version than that promoted by the rightwing Republican leadership in Washington.

It is all quite a turnabout for a man who has laboured under the reputation of a drifter forever in the shadow of a famous father.

Mr Bush's childhood was spent in Texas, though he went to university at Yale. He admits to "youthful indiscretions" involving alcohol and women before marrying and settling down to a succession of business jobs in his home state. His most significant political experience before contesting the governorship in 1994 was as an informal adviser to his father.

In contrast, Mr Gore has been contesting elections for much of his career. The son of a famous Tennessee senator, Mr Gore virtually grew up campaigning.

He spent most of his childhood mingling with political types inside political Washington before going off to Harvard and then serving in Vietnam. After a spell as a journalist, Mr Gore joined the House of Representatives in 1976 and later moved up to the Senate before accepting Mr Clinton's offer to run on a joint ticket in the 1992 presidential election.

It is unsurprising that Mr Gore's clean-cut looks, personal charm and intelligence have prompted many to speak of him as a future president. The consensus is that although he was not contesting a seat last week, Mr Gore had a stunningly successful election that leaves him better positioned than ever for the top job.

The vice-president picked up the slack caused by Mr Clinton's limited campaigning because of the Monica Lewinsky scandal. Mr Gore criss-crossed the country on behalf of nearly 250 Democratic candidates. Now he stands to reap two benefits.

First, a resurgent Mr Clinton is certain to promote Mr Gore's candidacy for the Democratic nomination in the 2000 presidential race, both to secure his own legacy and to thank the vice-president for his loyalty. Second, many of the candidates Mr Gore backed won victories against expectations and are likely to show their gratitude when the next campaign begins in earnest.

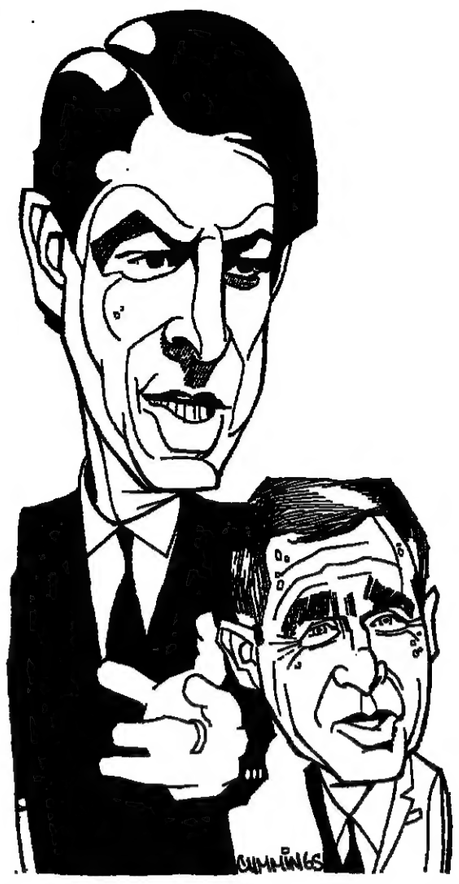
Should Mr Bush and Mr Gore face off directly, key differences in style and substance would soon become apparent. In contrast to his more formal father, Mr Bush favours open-necked shirts and cowboy boots, relishes pressing the flesh, and is easily bored by details.

Mr Gore is rarely out of his suit and tie, has a tendency to talk in great detail about dull, technical subjects and still makes self-deprecating jokes about his relatively wooden speaking style. Mr Bush once joked that Mr Gore was the son that his parents really wanted to have.

Ideologically, Mr Bush opposes abortion, favours the death penalty and promotes school prayer. Mr Gore remains open to caricature for his vigorous embrace of technological and environmental causes. Although both favour limited government, Mr Bush remains true to his party's tax-cutting creed while Mr Gore prefers to focus on the Clinton agenda topics such as social security reform.

There are still obstacles to overcome if the two are to end up opposing each other in 2000. Mr Gore remains under threat of an investigation for alleged campaign fund abuses in 1996 while Mr Bush must wait to see if his political style resonates outside of Texas.

But by historical standards their candidacies are unusually well advanced. If they choose to capitalise on this week's success with a run at the big prize, one thing is certain: somebody will end up a loser next time round.



After the storm

James Wilson on how Hurricane Mitch wiped out a region's tentative recovery

In the space of a week, Hurricane Mitch has set back Central America's painful deliverance from poverty and civil war by more than 20 years.

While Central Americans count their dead – in Honduras, 7,000 people are estimated to have died, in Nicaragua, more than 4,000 – the damage wrought to the region's fragile economies is becoming horrendously apparent as the floodwaters recede. Hurricane Mitch dumped more water over Central America in the space of a week than the region normally gets in a year.

In Honduras, 1m people are homeless, most highways and bridges have been washed away, and 70 per cent of crops have been destroyed. In Nicaragua, entire villages were buried under mudslides, 500,000 people are homeless and many cities are cut off. The damage to crops has been enormous. El Salvador and Guatemala also suffered flooding and mudslides.

Some towns, such as Santa Rosa de Aguán on the northern coast of Honduras, were swept off the map, and survivors have not been able to provide names of all of the missing. In Nicaragua, vice-president Enrique Bolanos says: "We may never know how many died."

In Tegucigulpa, capital of Honduras, the floodwaters rose quickly. Basketball nets poke from the brown water, marking what was once a riverside park. Whole districts of the city of 800,000 people have been washed away. Food, medicines and clean water are scarce, and doctors fear they will not be able to cope with the inevitable epidemics of cholera and typhoid.

Central America has had more than its share of natural disasters. Managua, the capital of Nicaragua, still bears the scars of the 1972 earthquake that killed 10,000 people. Hurricanes have often ravaged the region's mosquito coast. What has been so numbing this time is the scale of the destruction.

The hurricane unleashed its fury just as Central America was struggling to rebuild itself following the civil wars of the 1980s. In a cruel reminder of those wars, the flooding and erosion caused by Hurricane Mitch unearthed thousands of forgotten landmines this week. They have been seen floating down the Rio Coco, on the border of Honduras and Nicaragua, and lie strewn over roads and fields.

Hugo Noé-Pino, the Honduran ambassador to the United Nations, estimates that 70 per cent of the nation's economic output has been lost. "This is Honduras' worst disaster in more than 100 years," he says.

The economic cost of the disaster has barely begun to be calculated. Emin Barjum, the president of the Honduran central bank, believes as much as $1.5bn (£903m) of production in his country may have been destroyed for this year and 1999. Rebuilding the infrastructure could cost $2bn, he says.

Coffee and banana crops – the country's two most important exports – were hit especially hard. And without roads or bridges, it will be impossible to market the few crops that survived.

Fernando Sánchez, head of Chiquita Brands in Honduras, estimates the damage to the banana crop at $850m. "And those are just the preliminary estimates," he says.

Swept off the map: Santa Rosa de Aguán Reuters

Chiquita Brands' headquarters in Cincinnati is organising relief efforts for its workers and residents in Honduras, and Steven Warshaw, Chiquita's president, says he expects little or no banana production from the storm-damaged region into 1999.

While the damage has made it extremely difficult to get coffee, bananas and sugar to ports and markets, governments are more worried about getting food, water and medicine to isolated communities.

The World Bank said on Thursday it was ready to speed up the disbursement of loans to Honduras in the aftermath of the hurricane. It said it would make funds available from a recently approved $45m facility and advance $20m from another World Bank credit to support disaster relief efforts.

"The World Bank is working with the government of Honduras to redirect funds under all other operations in their country as needed," the bank says.

Hurricane Mitch would have strained the resources of any country, let alone nations as poor as Honduras and Nicaragua. Their combined gross domestic product does not reach $8bn, but 10m people are burdened with $10.7bn of foreign debt.

The natural disaster is all the more tragic in view of the fact that the peace dividend was beginning to bear fruit. Positive growth had been forecast for 1998 and inflation was down to low double digits. With the support of the International Monetary Fund, Nicaragua had begun a structural adjustment programme that would have allowed it to qualify for debt relief under a World Bank initiative for highly indebted countries. Honduras was also poised to adopt an IMF programme of its own.

After the storm, the case for debt relief has become even more urgent. IMF programmes will have to be revised to accommodate reconstruction work. Stricken countries will be more dependent on aid and development grants than before, despite the fact that donors have been critical of how aid has been administered in the past. In the meantime, aid agencies are planning "food for work" programmes. They fear that if they do not act quickly, governments might face serious social unrest.

A premium issue

The cost of life insurance could one day depend on your genetic code, say **Andrew Bolger** and **Clive Cookson**

The British government has taken the potentially explosive issue of how genetic testing will affect the insurance industry – and kicked it firmly into touch.

Ministers this week rejected a recommendation from their Human Genetics Advisory Commission that there should be a two-year moratorium on asking for genetic test results from clients who seek insurance.

Instead, the government will work with insurers and the commission to establish an independent but voluntary evaluation system by early next year. All types of genetic testing will have to be validated by this new body before the insurance industry can take their results into account.

Lord Sainsbury, the science minister, is frank about the government's motives for favouring a voluntary approach. "If we can work with the industry on this basis, we would rather do that than put through complicated legislation," he says.

One reason for circumspection is that genetic testing appears to have had little impact on the insurance industry and its clients – at least so far. In spite of hearing some compelling anecdotes about discrimination based on genetic tests, the commission last year found no hard evidence that this was systematic.

At present about 95 per cent of applicants in the UK are granted life insurance cover at standard rates. A further 4 per cent are offered policies at higher rates. Only 1 per cent are denied coverage.

"It is far too early to reach any conclusions about how genetic testing can be used to predict life expectancy or the onset of ill health," says Sir Colin Campbell, the commission's chairman. "Genetic testing is in its infancy and we have no body of evidence rigorous or robust enough on which to base important conclusions about when we might die."

Genetic tests available today

Disorder	Age of onset	Relevance to: Life insurance	Relevance to: Long-term care
Huntington's disease	35-50	High	High
Familial adenomatous polyposis	20+	High	Medium
Myotonic dystrophy	30+	High	High
Alzheimer's disease*	55+	Medium	High
Multiple endocrine neoplasia	Wide ranging	High	Medium
Hereditary motor & sensory neuropathy	Teens+	Low	Medium
Hereditary breast/ovarian cancer*	35+	High	High

Source: ABI

* Only relevant when there is a very strong family history

The Human Genome Project – an international effort to decode all of the estimated 80,000 genes that determine human health and sickness – is accelerating towards a target completion date of 2003. Scientists already know of about 4,000 inherited disorders caused by defects in single genes.

But the discovery of a genetic defect does not instantly produce a valid test. Time-consuming and expensive research is required, both to develop a reliable kit and to show precisely what health effects the mutations cause. It is still not clear, for example, how many women carrying one of the notorious breast cancer susceptibility genes, BRCA1 and BRCA2, will actually go on to develop cancer; early estimates put the risk above 80 per cent but recent research suggests it may be below 50 per cent.

Sandy Raeburn, clinical genetics professor at Nottingham University and adviser to the Association of British Insurers, says there are currently seven genetic tests for adult-onset diseases, the results of which would be relevant to obtaining insurance. He expects the new validation procedure to assess all of them.

No one knows how many new tests will be developed over the next few years, as scientists discover how groups of genes interact with environmental factors to cause disease. If accurate genetic tests do become widely available, they could encourage two trends that would undermine the present economic basis of the insurance industry:

- Adverse selection: people who know they are at high risk take out insurance. This drives up the prices of premiums, so low-risk people are deterred from taking out policies and withdraw from the insurance "pool".
- Cherry-picking: insurers identify people at lower risk than average and offer them reduced premiums. If they join the preferred pool, this increases the average risk in the standard pool and premiums have to rise.

The industry suffered from adverse selection in the 1980s when individuals who knew they had HIV/Aids took out extra insurance cover without disclosing their HIV status.

A more respectable name for cherry-picking is market segmentation and in general insurance, covering areas such as house contents and motor vehicles, policies favouring the better risks are common.

This trend has been accelerated by developments such as direct selling and advances in information technology, which enable companies to identify and combine many risk factors and set premiums accordingly. However, general insurance has become increasingly competitive with huge amounts of capital chasing low margins.

Life insurers are reluctant to see similar forces transforming their traditionally profitable business. Since life insurance is linked for most people in the UK to home purchase and protection of dependants, the general availability of affordable policies is a matter of considerable public interest.

Indeed, the British Medical Association wants the debate to move beyond questions of giving insurance companies access to particular tests, to reassess the whole nature of the risk-based insurance industry. "Insurance in the UK is based on insuring against an unknown risk," says the BMA. "With the increasing development of tests which provide accurate, predictive information, this system will become less easy to sustain."

Although life insurance is the first sector of the industry in the UK to confront the issue of genetic testing, many people in the field believe the long-term challenges are greater in private health insurance and long-term care cover. Paul Seymour, of the Faculty and Institute of Actuaries, says a successful test for Alzheimer's, for example, could create an uninsurable "underclass".

Ultimately, genetic testing could prove most explosive in the workplace. "Too little attention has been given to the potential for discrimination if employers are allowed access to genetic information," says the Institute for Public Policy Research, a London think-tank. "This issue needs to be put much higher on the public policy agenda."

High anxiety

Michael Skapinker looks at whether 'air rage' really is on the increase

A stewardess on a flight from London to Malaga requires 18 stitches after a passenger attacks her with a broken vodka bottle. Rock star Ian Brown is sentenced to four months imprisonment after threatening to cut off a flight attendant's hands during a flight from Paris to Manchester.

Richard Branson, chairman of Virgin Atlantic, calls for a database of violent passengers, who will be banned from every airline on earth. In the US, the Federal Aviation Administration calls disruptive passengers "a new type of criminal".

Airline executives and staff across the world are unanimous: passengers are becoming increasingly violent and abusive. International action, as well as stiffer prison sentences, are needed to halt the rise in "air rage".

But is passenger violence really growing? There are no comprehensive figures – and what statistics there are provide little evidence of a substantial increase in air rage.

The FAA says it relies on US airlines to file reports on disruptive incidents, although they are not obliged to do so. Given the increased publicity about air rage, the rise in the number of people travelling, and the airlines' insistence that the problem is growing, one might have expected the number of incidents reported to have increased sharply.

However, the figures have not changed substantially during the 1990s. There was a rise in the number of reported incidents from 99 in 1991 to 162 in 1992. By 1996, this had fallen to 121. Last year, the number rose again to 196. But so far this year, only 115 incidents have been reported.

In the UK, the number of serious incidents reported to the Civil Aviation Authority jumped from 11 in 1996 to 39 in 1996. The authority believes some of the rise resulted from increased publicity, which encouraged airlines to make reports. Last year, 37 incidents were reported. This year, there have so far been 25.

How likely was the average passenger to witness one of these outbreaks? Not very. In the US, 600m people flew last year. In the UK, the figure was 147m.

Even the airlines that are most strident in their calls for action have few incidents to report. Virgin says three of its passengers have been prosecuted for disruption over the past 18 months. It carried 4m people over this period.

British Airways – whose chief executive, Robert Ayling, this week joined the call for international action – says it experienced 266 disruptive incidents last year. However, 70 per cent of these involved persistent smoking on non-smoking flights. It had to use restraining handcuffs on only 17 passengers during 1997, when it carried 41m people.

This does not mean airlines are wrong to call for action. No employee should have to endure the experience of Fiona Weir, the flight attendant for Airtours, the UK tour operator, who needed the 18 stitches after being attacked recently.

Disruption in the air is also more frightening than a violent incident outside a pub. There is nowhere for bystanders to escape to – and there is the danger that the safety of the aircraft could be affected.

What can airlines do? They are insisting that governments and courts take the issue seriously, so that violent passengers are left in no doubt about the consequences. The FAA compares its approach to its earlier demand that those who made jokes about airline security be treated harshly by the courts. "It's the same as we did 20 years ago, when we said, 'If you joke about having a bomb, you're in jail, fella'," the FAA says.

Courts in the UK and US have responded by imposing harsher sentences. Mr Ayling this week called on all countries to follow the lead of the UK and US in prosecuting offenders, regardless of the nationality of the aircraft on which they were travelling. BA said Japan had refused to prosecute one of its violent passengers this year, although she was arrested when she returned to the UK.

The idea of an international database of offenders is less convincing. There does not appear to be a hardened group of air rage thugs, causing mayhem on one airline after another. Jailing a violent BA passenger earlier this year, Judge Anthony Durrant said those responsible for air rage "usually prove to be otherwise totally respectable and responsible people who, through drink, behave in an unseemly way on a plane".

This is the crux of the matter: most, if not all, violent passengers are heavily intoxicated when they commit their offences. This does not mean they should not be held responsible for their actions. But it does mean airlines should consider the part they play in encouraging passengers to drink.

Airlines serve, and sell, copious amounts of alcohol. Some passengers involved in air rage incidents were already drunk on airport duty-free liquor when they boarded their flights. Airlines are supposed to stop them boarding – and many say that they do so.

The airlines seldom talk, however, about the effects of drinking in the air. They show films demonstrating exercises for passengers who want to avoid stiff necks, and have symbols on their menus indicating non-fattening food. But airlines do not tell their passengers that they will get drunk far more quickly in a pressurised cabin than they would on the ground.

Virgin said this week it was considering trying to educate its passengers about the perils of in-flight drinking. But BA dismissed the idea, saying "more research" was needed into the causes of air rage.

Hurricane whisks up coffee price

WEEK IN THE MARKETS

By Paul Solman

Central America has begun to count the cost of Hurricane Mitch, which smashed through the region at the end of last week, killing thousands and leaving large areas under water.

Among huge losses in agriculture, the coffee crop was an early victim, with Guatemala, Honduras and Nicaragua reporting severe damage. Central America produces 10-12 per cent of the world's arabica supplies and exports are important to the region's economies.

Arabica futures on New York's Coffee, Sugar and Cocoa Exchange jumped as traders began to fear a shortage of beans deliverable against the contracts. The most actively traded December contract closed up 9.7 cents – or about 9 per cent – at 119.7 cents a pound on Monday and continued to rise throughout the week. In afternoon trading yesterday, it was 125 cents against last week's close of 110 cents.

On the London International Financial Futures and Options Exchange, robusta coffee futures also rose, the January contract closing up $18 at $1,705 a tonne yesterday against $1,612 last week.

Nickel prices rose as Eramet mine workers in New Caledonia began a strike. The three-month contract on the London Metal Exchange breached $4,000 a tonne to close $145 higher at $4,080 on Monday. By yesterday's close it was up $30 at $4,300, a gain of $390 on the week.

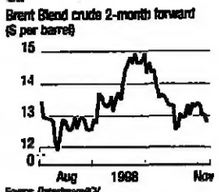
On the oil markets, crude prices drifted lower in spite of signs of renewed tension in the Middle East. The market was once again weighed down by worries about oversupply, and signs of confrontation between the US and Iraq over UN weapons inspections failed to hold the price in London above $13 a barrel. The weekly report from the American Petroleum Institute showed a rise in crude stocks.

In late trading yesterday, the benchmark December contract for Brent blend on London's International Petroleum Exchange was trading at $12.52, close to Thursday's close of $12.50, and well below last week's finish of $13.22.

Gold ended the week marginally stronger. Yesterday afternoon's "fix" in London was $293.30 an ounce against last week's $292.30.

Oil

Brent Blend crude 2-month forward ($ per barrel)



Source: Datastream/ICV

LME warehouse stocks*

	Tonnes	Change
Aluminium	526,850	-1,250
Aluminium alloy	86,360	+140
Copper	464,208	+925
Lead	118,125	+250
Nickel	60,324	-36
Zinc	343,875	-1,350
Tin	7,845	-135

* Thursday's close

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1998 High	1998 Low
Gold per troy oz.	$293.25	+0.30	$308.75	$312.55	$275.15
Silver per troy oz	302.77p	-0.23	292.30p	475.70p	289.82p
Aluminium 99.7% (cash)	$1297.0	+4	$1594	$1521	$1276
Copper Grade A (cash)	$1617.0	+38.5	$1953.5	$1850	$1571
Lead (cash)	$498.5	+17.5	$571.5	$514	$482.5
Nickel (cash)	$4230	+385	$6190	$5967.5	$3830
Zinc SHG (cash)	$956.0	+26.5	$1174.5	$1145.5	$929
Tin (cash)	$5595	+65	$5980	$6245	$5180
Cocoa Futures Dec	£984	-14	£1097	£1136	£968
Coffee Futures Nov	$1903	+123	$1650	$2115	$1530
Sugar (LDP Raw)	$197.80	+8.80	$289.50	$297.40	$172.10
Barley Futures Nov	£78.50	-0.50	£75.55	£80.50	£67.00
Wheat Futures Nov	£79.10	-1.90	£81.25	£85.10	£68.60
Cotton Outlook A Index	57.60c	-0.70	77.40c	73.10c	57.60c
Wool (64s Super)	295p	+17	408p	392p	279p
Oil (Brent Blend)	$12.935x		$19.86x	$16.49	$11.35

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Dec

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1296-8	1317-9
Previous	1296-97	1318-19
High/low		1323/1309
AM Official	1296-96.5	1317-17.5
Kerb close		1317-8
Open int.	344,987	
Total daily turnover	49,452	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1090-95	1120-25
Previous	1085-90	1118-25
High/low		1125/1120
AM Official	1092-94	1121-22
Kerb close		1120-3
Open int.	7,069	
Total daily turnover	1,579	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	498-9	506.5-7.0
Previous	488.5-9.5	498-8.5
High/low		510/499
AM Official	488.5-9	498-9
Kerb close		507-8
Open int.	41,008	
Total daily turnover	13,190	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	4225-35	4295-300
Previous	4205-15	4270-80
High/low		4370/4230
AM Official	4295-300	4355-60
Kerb close		4295-305
Open int.	65,486	
Total daily turnover	21,680	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5590-600	5520-25
Previous	5585-95	5520-30
High/low		5535/5520
AM Official	5610-20	5530-35
Kerb close		5515-25
Open int.	18,001	
Total daily turnover	10,011	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	955.5-6.5	973-4
Previous	954-5	972-3
High/low		984/967
AM Official	962.5-3	980.5-1
Kerb close		973-3.5
Open int.	88,730	
Total daily turnover	18,056	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1616.5-7.5	1642-3
Previous	1603.5-04.5	1630-31
High/low		1655/1622
AM Official	1615-16	1642-43
Kerb close		1633-4
Open int.	168,834	
Total daily turnover	65,184	

■ LME AM Official £/$ rate: 1.6629

LME Closing £/$ rate: 1.6610

Spot: 1.6592 3 mths: 1.6535 6 mths: 1.6472 9 mths: 1.6427

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	72.80	-0.05	74.30	72.80	224	1,271
Dec	73.10	-0.10	74.80	72.75	7,328	33,824
Jan	73.45	-0.10	74.60	73.35	13	2,358
Feb	73.70	-0.10	73.60	73.60	32	1,272
Mar	74.00	-0.10	75.55	73.75	794	9,298
Apr	74.35	-0.10	74.40	74.40	149	1,234
Total					8,607	60,121

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	293.00-293.50		
Opening	293.60-293.90		
Morning fix	293.60	176.655	401.058
Afternoon fix	293.30	176.410	401.391
Day's High	294.40-294.70		
Day's Low	292.75-293.05		
Previous close	291.80-292.10		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.57	6 months	3.79
2 months	4.21	12 months	3.29
3 months	4.14		

Silver Fix	p/troy oz.	US cts equiv.
Spot	503.50	302.77

Silver Lending Rates

1 month	3.95	6 months	2.35
2 months	3.35	12 months	2.10
3 months	3.25		

Gold Coins	$ price	£ equiv.
Krugerrand	295-300	176-180
New Sovereign	69-73	41-43

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	294.0	-0.8	295.5	292.9	37,931	75,738
Feb	296.2	-0.6	297.5	295.2	1,281	-
Apr	298.1	-0.6	298.5	297.5	41	16,921
Jun	299.7	-0.6	301.0	300.0	227	14,332
Aug	301.3	-0.5	-	-	47	5,354
Oct	302.9	-0.4	-	-	-	2,229
Total					39,926	181,881

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	341.5	-4.8	346.5	340.5	1,708	14,712
Apr	343.0	-4.8	344.0	342.0	18	486
Jul	344.0	-4.8	348.5	344.0	-	137
Oct	345.1	-4.8	348.0	342.0	100	992
Total					1,726	16,327

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	272.60	-3.40	273.50	272.00	142	2,128
Mar	272.10	-3.15	-	-	110	941
Jun	270.10	-3.15	272.50	272.50	5	5
Total					252	3,199

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	501.0	-3.5	508.5	499.0	9,718	41,497
Jan	503.1	-3.5	504.5	504.5	2	79
Mar	506.0	-3.3	512.5	504.0	425	17,209
May	508.5	-3.3	512.0	512.0	215	4,578
Jul	510.9	-3.3	515.5	515.5	4	2,914
Sep	512.2	-3.2	515.5	515.5	-	1,197
Total					10,515	74,401

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	13.88	-0.09	14.24	13.75	57,660	118,7k
Jan	14.08	-0.08	14.43	13.98	19,696	70,788
Feb	14.28	-0.07	14.62	14.20	12,257	38,948
Mar	14.50	-0.03	14.65	14.40	2,296	21,431
Apr	14.69	-0.01	14.72	14.63	1,583	15,090
May	14.77	-0.08	14.77	14.77	1,609	14,039
Total					102,002	483,035

■ CRUDE OIL IPE ($/barrel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	12.44	-0.06	12.70	12.36	23,453	45,812
Jan	12.80	-	13.00	12.69	18,875	63,802
Feb	13.07	+0.06	13.24	12.94	4,334	24,512
Mar	13.28	+0.07	13.42	13.19	2,273	19,036
Apr	13.60	+0.25	13.60	13.36	585	12,970
May	13.76	+0.26	13.76	13.50	317	7,762
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	38.80	-0.30	39.75	38.65	13,004	54,737
Jan	40.00	-0.30	40.90	39.90	5,033	33,735
Feb	40.95	-0.10	41.65	40.85	3,508	26,501
Mar	41.40	-	41.80	41.20	2,984	17,228
Apr	41.50	+0.05	41.80	41.26	679	9,693
May	41.75	+0.15	41.75	41.45	254	7,813
Total					28,161	164,424

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	110.75	-2.50	113.00	110.50	10,466	24,676
Dec	114.75	-2.25	116.50	114.50	11,346	48,968
Jan	118.50	-2.00	120.25	118.25	2,206	25,788
Feb	121.25	-2.00	122.50	121.25	927	16,320
Mar	123.00	-1.75	123.75	123.00	498	12,266
Apr	124.75	-1.75	125.75	124.75	117	6,290
Total					24,000	172,308

■ NATURAL GAS IPE (1,000 therms; pence per therm)

Dec	15.140	-0.100	15.200	15.130	770	3,115
Jan	18.200	+0.040	18.200	18.140	60	4,015
Total					1,230	20,320

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	2.520	-0.033	2.585	2.490	55,123	51,940
Jan	2.640	-0.025	2.685	2.610	15,181	34,716
Feb	2.550	-0.015	2.585	2.520	7,636	22,857
Mar	2.420	-0.010	2.430	2.400	4,863	20,886
Apr	2.270	-0.020	2.290	2.270	1,461	12,839
May	2.205	-0.015	2.220	2.205	544	10,301
Total					86,151	241,827

■ UNLEADED GASOLINE NYMEX (42,000 US galls., c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	42.10	-0.70	43.10	41.90	13,919	32,446
Jan	42.60	-0.65	43.50	42.30	4,078	13,225
Feb	43.25	-0.50	44.00	43.10	851	5,280
Mar	44.40	-0.19	44.70	44.10	161	5,307
Apr	47.35	-0.15	47.35	47.35	32	7,172
May	47.80	-	47.80	47.80	101	5,653
Total						

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	79.10	-0.40	80.00	80.00	4	49
Jan	81.10	-0.40	81.50	81.10	202	2,791
Mar	83.15	-0.45	83.50	83.00	47	3,150
May	85.10	-0.40	85.50	85.25	29	2,292
Jul	87.10	-0.40	87.40	87.40	20	225
Total					440	9,125

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Dec	290.50	-2.50	292.00	285.50	10,043	66,027
Mar	306.75	-3.25	307.50	301.50	3,795	42,319
May	314.50	-2.75	316.00	312.50	476	7,093
Jul	323.75	-4.00	325.00	319.25	332	16,350
Sep	331.50	-4.00	332.50	323.75	40	753
Dec	342.50	-4.00	343.00	341.00	15	326
Total					14,774	133,954

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Dec	216.75	-0.50	218.50	216.25	27,912	150,124
Mar	227.75	-0.25	228.75	227.25	11,193	94,515
May	235.25	-0.25	236.00	235.00	2,522	35,545
Jul	240.25	-0.75	241.00	240.00	2,236	43,310
Sep	245.75	+0.25	247.50	246.25	93	6,648
Dec	253.50	-	254.50	253.00	655	19,515
Total					54,717	351,101

■ BARLEY LIFFE (100 tonnes; £ per tonne)

Nov	78.50	+0.50	-	-	-	27
Jan	80.25	-0.50	80.25	80.00	23	975
Mar	82.25	+0.50	-	-	-	151
May	83.25	-0.50	-	-	-	32
Sep	82.00	+0.50	-	-	-	-
Total					23	1,086

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Nov	564.25	+4.75	564.75	553.00	6,153	16,103
Jan	571.25	+3.75	572.50	565.25	37,933	68,201
Mar	580.25	+4.25	581.50	574.50	4,042	26,697
May	588.25	+4.00	589.50	583.50	1,349	12,361
Jul	596.75	+4.00	597.50	591.75	2,162	16,835
Aug	598.00	+4.50	598.50	594.50	11	1,085
Total					52,072	147,921

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Dec	25.06	+0.29	25.07	24.76	10,751	43,215
Jan	25.09	+0.26	25.10	24.60	4,785	19,325
Mar	25.12	+0.30	25.12	24.80	2,052	15,009
May	25.14	+0.29	25.07	24.82	631	9,777
Jul	25.17	+0.30	25.03	24.88	825	12,362
Aug	25.00	+0.13	25.00	24.95	56	1,077
Total					19,123	109,590

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Dec	143.0	+0.3	144.0	141.8	2,795	62,603
Jan	145.5	+0.5	146.2	144.2	3,964	23,400
Mar	149.1	+0.2	150.4	148.3	1,325	17,446
May	153.0	+0.5	153.6	152.0	697	8,701
Jul	155.9	+0.6	157.5	156.0	257	13,573
Aug	158.3	-0.6	158.2	157.6	298	2,457
Total					15,099	135,122

■ POTATOES LIFFE (20 tonnes; £ per tonne)

Mar	165.0	+5.0	-	-	-	-
Apr	285.0	+13.0	285.9	277.0	211	2,048
May	295.0	+13.0	-	-	-	29
Jun	305.0	+13.0	-	-	-	-
Nov	85.0	-	-	-	-	3
Total					211	2,046

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

Nov	985	+5	985	980	15	354
Dec	1000	-	1000	1000	1	237
Jan	1005	+5	-	-	-	558
Apr	1028	+8	1020	1020	5	545
Jul	905	-10	-	-	-	375
Total					21	2,282

	Close	Prev
BFI	959	957

PULP AND PAPER

■ PULPEX OMLX (US$, 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	430.50	+0.25	430.50	430.00	15	395
Mar	452.50	-0.50	452.75	452.50	40	205
Total						

FUTURES DATA

All futures data supplied by CMS.

Spices from Man Producten

Prices in $ per tonne. White pepper: Indonesian farmers are holding the balance of their production against the deteriorating currency and increasing unrest. Exporters do not hold any stocks for fear of what might happen. Black pepper: most buyers will wait to take advantage of the lower prices valid for the 1999 shipment positions from India. Stocks remain low. White pepper: Muntok/Sarawak FAQ 6,800 spot, shipment Nov/Dec 6,400 C&F. Black pepper FAQ 4,800 spot; shipment 4,650. Black pepper grade 1 4,900 spot. India MG1 5,300 spot, Nov shipment 5,100 C&F. Dec shipment 4,700. Jan 4,500 C&F Europe.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	984	-17	995	982	2,177	45,256
Mar	1017	-17	1027	1016	2,200	36,019
May	1037	-16	1045	1034	297	16,099
Jul	1055	-15	1062	1055	255	10,150
Sep	1073	-14	1079	1071	457	27,279
Dec	1095	-14	1102	1093	48	11,090
Total					5,522	156,639

■ COCOA CSCE (10 tonnes; $/tonnes)

Dec	1465	-28	1495	1462	6,608	23,173
Mar	1533	-	1535	1500	4,706	33,101
May	1534	-26	1562	1535	378	8,244
Jul	1585	-	1560	1569	43	2,387
Sep	1610	-	1605	1596	55	3,043
Dec	1615	-25	1630	1615	7	5,272
Total					11,741	78,730

■ COCOA (ICCO) (SDR's/tonne)

Nov 5	Price	Prev. day
Daily	1156.33	1157.19

■ COFFEE LIFFE (5 tonnes; $/tonne)

Nov	1903	+11	1900	1870	307	6,225
Jan	1703	+16	1714	1675	2,622	24,321
Mar	1660	+13	1670	1637	1,111	6,827
May	1633	+10	1648	1620	482	3,149
Jul	1623	+10	1608	1602	77	673
Sep	1608	+10	-	-	-	303
Total					4,594	41,938

■ COFFEE "C" CSCE (37,500lbs; cents/lbs)

Dec	122.95	-1.40	126.10	122.50	5,749	13,945
Mar	116.05	+0.75	117.00	113.50	4,154	10,970
May	115.50	+0.75	116.40	112.35	865	3,919
Jul	116.25	+0.80	117.25	113.50	126	2,087
Sep	117.00	+1.00	117.00	116.00	125	1,430
Dec	118.25	+1.25	117.00	117.00	81	611
Total					11,120	33,871

■ COFFEE (ICO) (US cents/pound)

Nov 5		Prev. day
Comp. daily	100.19	100.67
15 day average	96.76	96.46

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

Dec	229.8	-1.7	232.9	228.8	1,278	8,747
Mar	230.8	-3.2	235.1	230.6	1,732	16,465
May	232.3	-2.7	236.0	232.1	104	3,415
Aug	232.5	-2.7	234.5	234.5	4	3,201
Oct	227.5	-2.2	-	-	-	2,555
Dec	229.2	-1.5	-	-	-	194
Total					3,118	34,880

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	7.95	-0.07	8.10	7.86	11,099	83,095
May	8.03	-0.05	8.15	7.96	1,821	17,936
Jul	8.04	-0.06	8.15	8.00	608	15,185
Oct	8.24	-0.04	8.32	8.23	298	10,971
Mar	8.49	-0.04	8.53	8.53	49	7,543
May	8.56	-0.04	-	-	120	638
Total					13,875	135,589

■ COTTON NYCE (50,000lbs; cents/lbs)

Dec	68.12	+0.39	68.20	67.40	4,157	33,888
Mar	67.49	+0.45	67.49	66.80	1,413	24,331
May	67.92	+0.38	68.10	67.35	480	14,195
Jul	68.25	+0.15	68.30	68.10	367	10,235
Oct	68.10	+0.15	68.10	68.00	7	901
Total					6,605	83,683

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Nov	117.85	+1.60	118.60	116.55	129	431
Jan	119.35	+1.15	120.05	117.75	616	13,045
Mar	121.15	+0.95	121.90	120.00	93	5,716
May	122.85	+0.80	122.25	121.80	5	1,396
Jul	124.25	+0.70	124.25	124.25	3	687
Sep	124.75	+0.70	124.90	124.30	-	66
Total					1,039	21,582

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Nov 6	Nov 5	month ago	year ago
1485.3	1491.5	1466.8	1817.4

■ CRB Futures (Base: 1967 = 100)

Nov 5	Nov 4	month ago	year ago
205.84	205.30	-	-

■ GSCI Spot (Base: 1970 = 100)

Nov 5	Nov 4	month ago	year ago
147.90	147.85	151.57	204.09

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	64.500	+0.575	65.100	63.600	6,225	42,120
Feb	65.275	+0.800	65.700	64.400	2,935	30,081
Apr	66.250	+0.375	66.625	65.700	985	18,712
Jun	63.550	+0.400	64.250	63.350	728	10,576
Aug	63.450	+0.150	64.050	63.450	102	6,125
Oct	65.650	+0.075	66.325	65.650	75	722
Total					11,050	108,425

■ LEAN HOGS CME (40,000lbs; cents/lbs)

Dec	35.850	+0.650	37.200	35.250	6,232	17,382
Feb	42.975	+0.825	44.150	42.400	3,134	10,806
Apr	45.375	-0.325	47.150	44.950	1,041	4,690
Jun	54.875	-0.400	56.400	54.450	405	3,134
Jul	54.875	-0.150	56.300	54.800	221	1,576
Aug	55.100	-0.175	55.900	55.025	144	1,429
Total					11,315	38,777

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	48.200	+0.675	50.750	47.500	1,529	3,809
Mar	47.900	+0.700	49.900	47.000	99	327
May	49.000	+1.725	49.500	48.800	34	173
Total					1,664	4,235

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Dec	Mar	Dec	Mar
1250	67	6	97	31
1300	32	21	[illegible]	39
1350	12	50	42	84
■ COPPER (Grade A) LME	Dec	Mar	Dec	Mar
1500	118	4	161	28
1600	44	30	98	64
1700	9	95	54	119
■ COFFEE LIFFE	Nov	Jan	Nov	Jan
1600	124	117	21	57
1650	88	90	35	90
1700	63	68	60	108
■ COCOA LIFFE	Dec	Mar	Dec	Mar
1000	6	42	22	25
1025	1	30	42	38
1050	1	22	66	56
■ BRENT CRUDE IPE	Dec	Jan	Dec	Jan
1250	-	-	17	-
1300	5	54	-	-
1350	4	34	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$12.47-2.51x	+0.065
Brent Blend (dated)	$11.59-1.62	-0.11
Brent Blend (Dec)	$12.49-2.52	0.21
W.T.I.	$13.88-3.90x	0.15

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$143-145	-1
Gas Oil	$112-113	
Heavy Fuel Oil	$59-61	+1
Naphtha	$130-132	-1
Jet fuel	$128-129	-2
Diesel	$121-123	-1.5

■ NATURAL GAS (Pence/therm)

Bacton (Dec)	15.15-15.18	-0.07

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$293.25	+1.40
Silver (per troy oz)♣	503.50c	+8.50
Platinum (per troy oz.)	$343.50	-2.50
Palladium (per troy oz.)	$273.00	-2.00
Copper	78.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	20.65r	
Tin (New York)	265.5	
Cattle (live weight)	82.17p	+2.83*
Sheep (live weight)	63.91p	-3.56*
Pigs (live weight)†	52.12p	+1.53*
Lon. day sugar (raw)	$187.80	-0.60
Lon. day sugar (wte)	$235.60	+0.90
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Dec)♥	50.00p	
Rubber (Jan)♥	50.50p	
Rubber (KL RSS No1)	276.00m	-0.50
Coconut Oil (Phil)§	745.0y	
Palm Oil (Malay.)§	662.50	
Copra (Phil)§	$460.0y	
Soyabeans (US)	155.0y	
Cotton Outlook'A' index	57.60	-0.40
Wooltops (64s Super)	296p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Sep/Dec. x Dec. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 2,815 head of pigs sold.

WORLD BOND PRICES

US Treasuries set gloomy mood

GOVERNMENT BONDS

By John Labate in New York and Paul Clark in London

US Treasuries fell back sharply as equities pushed higher in early afternoon trading. The benchmark 30-year bond fell 1½ to 97¾, sending the yield to 5.411 per cent. Among shorter-term issues the 10-year bond was down ⅞ to 98¹³⁄₃₂, yielding 4.962 per cent, and the two-year note lost ¼ to 98²⁷⁄₃₂, yielding 4.585 per cent.

Traders attributed the weakness to technical repositioning coming from three Treasury auctions earlier in the week. In addition, some appear less confident that the Federal Open Market Committee will cut interest rates at its forthcoming meeting.

European markets took their cue from falling US Treasuries yesterday as government bonds slipped across the continent. The yield on UK government 10-year gilts ended down at 113.83 from 114.63 yesterday. French, Italian and Spanish debt also registered losses.

The falls came despite a week of concerted interest rate-cutting by European central bankers. The Bank of Ireland yesterday announced a cut in its key money market rate of 1.25 per cent to 3.69 per cent. This followed cuts earlier in the week by the central banks of Spain, Portugal, Sweden, Denmark and the UK. Government bonds in the major European markets ended down on the week as receding gloom about the global economy counteracted any positive effect falling interest rates may have had on bonds.

Falls in treasuries also depressed the German 10-year bund future, which closed down 0.5 at 111.54.

BENCHMARK GOVERNMENT BONDS

Nov 6	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	01/01	8.750	108.4483	4.81	+0.05	+0.29	+0.05	-0.38
	08/08	8.750	127.1575	5.17	+0.05	+0.21	+0.19	-0.80
Austria	07/00	5.875	103.6300	3.80	+0.04	+0.03	+0.02	-1.04
	01/08	5.000	103.8900	4.47	-0.07	+0.07	+0.24	-1.25
Belgium	01/00	4.000	100.5700	3.48	+0.05	+0.05	+0.01	-0.85
	03/08	5.750	110.4200	4.37	-0.01	+0.05	+0.25	-1.41
Canada	12/00	5.800	100.2100	4.80	+0.10	+0.34	+0.39	+0.67
	06/08	6.000	105.2100	5.30	+0.11	+0.24	+0.55	-0.22
Denmark	11/00	8.000	109.3300	4.06	+0.03	-0.02	-0.35	-0.79
	11/07	7.000	116.2700	4.74	+0.05	+0.05	+0.24	-1.43
Finland	01/99	11.000	101.3050	3.10	+0.08	+0.05	+0.13	-1.31
	04/08	6.000	110.9920	4.54	+0.08	+0.06	+0.27	-1.31
France	07/00	4.000	100.8400	3.46	+0.02	+0.06	+0.04	-0.98
	10/05	7.750	122.7300	3.94	+0.05	+0.02	+0.25	-1.42
	10/08	8.500	133.2500	4.32	+0.08	+0.05	+0.32	-1.34
	04/29	5.500	104.0000	5.23	+0.02	-0.02	+0.38	-1.01
Germany	06/00	4.000	100.7200	3.52	+0.10	+0.12	+0.14	-0.78
	10/05	6.500	113.9300	4.14	+0.09	+0.10	+0.30	-1.23
	07/08	4.750	103.9700	4.24	+0.08	+0.10	+0.40	-1.40
	01/28	5.625	105.3300	5.26	+0.03	+0.04	+0.46	-0.98
Ireland	10/01	6.500	107.5400	3.75	+0.05	+0.08	+0.03	-1.72
	08/08	8.000	111.8800	4.47	+0.05	+0.06	+0.26	-1.05
Italy	04/01	4.500	101.7900	3.70	+0.03	+0.01	-0.02	-1.74
	07/03	4.500	102.2800	3.96	+0.05	+0.03	+0.04	-1.75
	05/08	5.000	103.9000	4.48	+0.04	+0.01	+0.17	-1.70
	11/27	6.500	115.3900	5.43	+0.04	+0.02	+0.24	-1.26
Japan	12/00	6.900	113.8700	0.27	-0.02	-0.06	-0.14	-0.21
	12/03	4.100	117.4100	0.63	-0.02	-0.02	-0.05	-0.59
	06/08	1.800	108.5600	0.87	-0.02	+0.02	+0.07	-0.61
	03/18	2.700	120.8000	1.46	-0.03	-0.01	+0.15	-0.98
Netherlands	05/00	9.000	107.7500	3.58	+0.10	+0.15	+0.14	-0.86
	07/08	5.250	107.1700	4.32	+0.08	+0.09	+0.32	-1.31
New Zealand	02/01	8.000	105.7631	5.21	-0.05	+0.03	-0.24	-1.67
	07/09	7.000	111.3839	5.57	-0.03	+0.18	+0.12	-1.04
Norway	01/99	9.000	100.1150	7.90	+0.01	+0.09	+0.11	+3.36
	01/07	6.750	107.7000	5.55	-0.01	+0.02	+0.21	-0.28
Portugal	03/00	5.375	102.3200	3.58	+0.06	+0.10	+0.13	-1.52
	06/08	5.375	106.4300	4.53	+0.02	+0.05	+0.27	-1.55
Spain	04/00	8.750	104.3300	3.55	+0.08	+0.08	+0.09	-1.38
	01/08	6.000	110.7800	4.54	+0.04	+0.08	+0.24	-1.52
Sweden	05/00	10.250	108.8110	3.96	+0.02	-0.05	-0.38	-1.22
	05/08	6.500	113.8480	4.68	+0.08	+0.05	+0.08	-1.76
Switzerland	06/00	4.500	104.7500	1.42	+0.02	+0.17	+0.12	-0.86
	01/08	4.250	112.6000	2.88	+0.04	+0.08	+0.10	-0.98
UK	11/01	7.000	104.6800	5.29	+0.14	+0.08	+0.11	-1.78
	12/03	6.500	106.6400	5.00	+0.13	+0.07	+0.24	-1.72
	10/08	9.000	129.7800	5.13	+0.11	+0.06	+0.43	-1.51
	12/28	6.000	118.6600	4.82	+0.02	-	+0.43	-1.70
US	09/00	4.500	99.6573	4.69	+0.14	+0.47	+0.59	-1.04
	08/03	5.250	102.4404	4.97	+0.15	+0.44	+0.56	-1.24
	05/08	5.625	104.3790	5.04	+0.16	+0.43	+0.72	-0.85
	08/28	5.500	100.4291	5.47	+0.12	+0.32	+0.65	-0.72
ECU	07/00	4.000	100.7600	3.51	+0.02	+0.05	+0.01	-1.25
	04/08	5.250	105.9400	4.34	+0.06	+0.07	+0.32	-1.47

London closing. * New York mid-day. Source: Interactive Data/FT Information

Yields: Local market standard/Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by nonresidents.

US INTEREST RATES

Latest	
Prime rate	8
Broker loan rate	6¾
Fed funds	4½
Fed funds at intervention	-

Treasury Bills and Bond Yields

One month	-	Two year	4.57
Two month	-	Three year	4.56
Three month	4.66	Five year	4.58
Six month	4.70	10-year	4.83
One year	4.64	30-year	5.37

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	108.83	108.71	-0.37	108.98	108.65	65,886	91,702

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Nov	Calls Dec	Calls Jan	Puts Nov	Puts Dec	Puts Jan
107	1.78	-	-	0.07	-	-
108	0.96	-	-	0.25	-	-
109	0.38	-	-	0.67	-	-
110	0.09	-	-	1.38	-	-

Est. vol. total. Calls 5,550 Puts 16,350. Previous day's open int. Calls 29,515 Puts 35,633

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	112.06	111.86	-0.48	112.23	112.06	111	4272
Mar		112.22	-0.48			0	0

■ NOTIONAL GERMAN BUND FUTURES (DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	112.06	111.54	-0.50	112.29	111.47	348,610	702,126
Mar	112.57	111.89	-0.53	112.80	111.86	1,469	26,711

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Puts Dec	Puts Jan	Puts Feb
11150	0.78	1.24	1.49	0.42	0.52	0.77
11200	0.48	0.95	1.21	0.62	0.73	0.99
11250	0.29	0.71	0.97	0.93	0.99	1.25

Est. vol. total, Calls 300 Puts 300. Previous day's open int., Calls 5686 Puts 4830

■ NOTIONAL GERMAN BUND (BOBL) FUTURES (DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	107.86	107.47	-0.38	107.96	107.46	119,769	262,219
Mar	107.65	107.22	-0.23	107.65	107.31	3,814	10,549

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	110.43	110.26	-0.34	110.67	109.82	19247	51926
Mar		110.25	-0.34			0	10

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Jan	Puts Dec	Puts Jan
11000	0.70	0.98	0.44	0.73
11050	0.45	0.73	0.69	0.98
11100	0.27	0.53	1.01	1.28

Est. vol. total. Calls 0 Puts 0. Previous day's open int., Calls 718 Puts 2403

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	114.00	113.68	-0.40	114.09	113.47	48,738	52,221
Mar	-	113.08	-	-	-	-	-

UK

■ NOTIONAL 5 YEAR GILT FUTURES (LIFFE) £100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		107.42	-0.55			0	1683
Mar		107.59	-0.53			0	0

■ NOTIONAL UK GILT FUTURES (LIFFE)* £100,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	114.50	113.83	-0.80	114.74	113.58	35584	119240
Mar	114.50	113.93	-0.80	114.50	114.50	1	0

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	102.70	103.00	-0.10	103.00	102.70	215	336

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	126-26	125-24	-1-01	127-03	125-17	532,486	614,410
Mar	126-12	125-13	-1-00	126-20	125-08	11,191	134,175
Jun	125-02	125-02	-0-26	125-02	125-02	12	-

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	138.56	138.59		138.60	138.48	621	n/a
Mar	137.78	137.86		137.80	137.78	56	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities

UK Gilts Price Indices	Fri Nov 6	Day's change %	Thu Nov 5	Accrued interest	xd adj ytd
1 Up to 5 years (17)	121.61	-0.23	121.89	2.63	8.25
2 5-15 years (20)	170.97	-0.53	171.87	3.39	8.23
3 Over 15 years (4)	222.27	-0.13	222.56	4.81	8.20
4 Irredeemables (4)	296.02	-0.52	297.56	6.27	9.57
5 All stocks (45)	162.86	-0.34	163.43	3.39	8.49

UK Indices

Index-linked	Fri Nov 6	Day's change %	Thu Nov 5	Accrued interest	xd adj ytd
6 Up to 5 years (2)	226.25	0.04	226.16	1.79	4.36
7 Over 5 years (9)	245.29	0.16	244.89	1.55	5.65
8 All stocks (11)	241.58	0.14	241.24	1.59	5.40

Yields	Low coupon yield Nov 6	Nov 5	Yr ago	High	Low	Medium coupon yield Nov 6	Nov 5	Yr ago	High	Low	High coupon yield Nov 6	Nov 5	Yr ago	High	Low
5 yrs	5.15	5.03	6.71	5.15 6/11	5.03 5/11	5.21	5.06	6.83	5.21 6/11	5.06 5/11	5.14	5.05	6.85	5.14 6/11	5.05 4/11
15 yrs	4.93	4.87	6.57	4.93 6/11	4.87 5/11	5.08	5.03	6.55	5.08 6/11	5.03 4/11	5.13	5.04	6.62	5.13 6/11	5.04 4/11
20 yrs	4.86	4.83	6.57	4.86 6/11	4.82 4/11	5.04	5.02	6.52	5.04 6/11	5.01 4/11	5.13	5.04	6.61	5.13 6/11	5.04 4/11
Irred.†	5.13	5.10	6.61	5.13 6/11	5.10 4/11										

Index-linked	Inflation rate 5% Nov 6	Nov 5	Yr ago	High	Low	Inflation rate 10% Nov 6	Nov 5	Yr ago	High	Low
Up to 5 yrs	2.32	2.32	3.23	2.36 4/11	2.32 5/11	1.63	1.62	2.56	1.66 4/11	1.62 5/11
Over 5 yrs	2.33	2.33	3.13	2.36 4/11	2.33 6/11	2.14	2.15	2.94	2.17 4/11	2.14 6/11

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

Base values: UK Gilts Indices 31/12/75 = 100.00 and Index-Linked 30/4/82 = 100.00. * 1998 highs and lows.

FT Fixed Interest Indices

	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Yr ago	High*	Low*
Govt. Secs. (UK)	110.50	110.93	110.94	111.39	110.46	99.93	112.59	93.31
Fixed Interest	148.87	149.12	149.20	149.26	148.51	132.33	151.77	115.32

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UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or -	1998 High	1998 Low
Shorts* (Lives up to Five Years)							
Exch 12pc 1998		11.98	6.70	100.1403	-.0334	104.19	100.14
Treas 9½pc 1999		9.45	6.66	100.4825	-.0122	102.63	100.47
Treas Flg Rate 1999		-	-	100.0473	-.0115	100.27	100.02
Exch 12¼pc 1999		11.99	6.34	102.1446	-.0297	106.31	102.14
Treas 10½pc 1999		10.28	6.26	102.1485	-.0236	104.98	102.15
Treas 6pc 1999		6.01	6.11	99.8920	-.0695	99.98	98.84
Conv 10¼pc 1999		9.84	6.00	104.2189	-.0950	106.48	103.62
Treas 8½pc 2000	♣	8.24	5.82	103.0957	-.1777	103.84	101.81
Conv 9pc 2000		8.66	5.80	103.9757	-.1777	105.02	102.68
Treas 13pc 2000		11.66	5.89	111.5310	-.2603	114.83	110.58
Treas 8pc 2000		7.62	5.41	104.9990	-.2763	105.56	102.22
Treas Flg Rate 2001		-	-	100.7606	-.0394	100.80	100.17
Treas 10pc 2001		9.13	5.52	109.4990	-.3360	110.32	107.11
Conv 9¾pc 2001	♣	8.86	5.55	109.7480	-.3360	110.42	106.73
Conv 9¾pc 2001	♣	8.81	5.54	110.6550	-.3360	111.35	107.58
Treas 7pc 2001		6.69	5.52	104.6956	-.3788	105.58	100.71
Exch 12pc 1999-2	♣	11.88	6.06	100.9800	-.0400	104.94	100.01
Conv 10pc 2002	♣	8.73	5.24	114.4828	-.5262	116.36	110.98
Treas 7pc 2002		6.61	5.19	105.8231	-.4539	107.14	101.42
Conv 9¾pc 2002	♣	8.37	5.25	113.5415	-.5282	115.35	109.76
Treas 9¾pc 2002		8.47	5.30	115.1048	-.5282	116.92	111.19
Exch 9pc 2002	♣	7.95	5.28	113.2458	-.5282	114.96	108.87
Conv 9¾pc 2003	♣	8.28	5.27	117.6388	-.5282	119.33	112.78
Treas 8pc 2003		7.17	5.13	111.6021	-.3699	113.65	108.58
Treas 10pc 2003		8.31	5.18	120.2582	-.6325	122.74	115.44
Treas 13¾pc 2000-3	♣	12.17	5.64	112.9450	-.2603	116.71	112.14
Five to Fifteen Years							
Treas 6½pc 2003		6.09	5.00	106.6750	-.5619	108.55	100.62
Treas 11½pc 2001-4		10.18	5.54	112.9984	-.3026	114.41	110.60
Treas 10pc 2004	♣	8.13	5.16	122.9612	-.6326	125.21	117.36
Funding 3½pc 1999-4		3.60	4.04	97.3180	-.0623	98.98	90.17
Conv 9½pc 2004		7.80	5.19	121.8130	-.6950	124.55	116.53
Treas 6¾pc 2004		6.21	5.05	108.7260	-.6239	111.19	101.84
Conv 9½pc 2005		7.72	5.24	123.0270	-.7764	126.15	117.51
Exch 10½pc 2005	♣	8.07	5.21	130.0490	-.7764	133.25	124.23
Treas 12½pc 2003-5		9.45	5.16	132.2199	-.7065	134.90	127.40
Treas 8½pc 2005		7.11	5.18	119.5989	-.8005	122.93	113.06
Conv 9¾pc 2006	♣	7.53	5.18	129.5286	-.8441	134.01	122.89
Treas 7½pc 2006		6.51	5.16	115.2558	-.7843	119.06	107.69
Treas 7¾pc 2006		6.67	5.20	116.1860	-.7865	119.98	108.97
Treas 8pc 2002-6		7.31	5.30	109.3990	-.5288	110.93	104.98
Treas 11¾pc 2003-7	♣	9.47	5.22	124.0878	-.5262	125.92	119.81
Treas 8½pc 2007		6.92	5.20	122.8236	-.8441	127.29	114.98
Treas 7¼pc 2007		6.27	5.07	115.6669	-.8162	120.28	106.98
Treas 13½pc 2004-8	♣	9.74	5.09	138.5773	-.6947	141.61	133.46
Treas 9pc 2008		6.93	5.12	129.9158	-.8969	135.17	121.18
Treas 8pc 2009		6.41	5.02	124.7729	-.8070	129.48	113.86
Treas 5¾pc 2009		5.42	5.03	106.0885	-.7117	110.93	98.36
Treas 6¼pc 2010		5.67	5.10	110.2580	-.5627	115.56	99.44
Conv 9pc Ln 2011		6.64	5.14	135.5922	-.6314	141.85	124.04
Treas 9pc 2012		6.54	5.15	137.5998	-.5950	144.30	125.04
Treas 5½pc 2008-12		5.25	4.93	104.8410	-.3149	108.14	93.28
Treas 8pc 2013		6.18	5.14	129.5099	-.4144	138.43	116.50
Treas 7¾pc 2012-15		6.23	5.20	124.3683	-.5706	130.50	112.61
Over Fifteen Years							
Treas 8pc 2015		6.00	5.09	133.3748	-.3156	141.24	118.46
Treas 8¾pc 2017		6.06	5.08	144.4087	-.3107	153.14	127.39
Exch 12pc 2013-17	♣	7.00	5.07	171.4672	-.6314	178.69	155.99
Treas 8pc 2021		5.69	4.95	140.6475	-.2302	150.23	121.52
Treas 6pc 2028		5.04	4.80	118.9730	+.0027	129.81	99.88
Undated							
Consols 4pc		5.31	-	75.3500	-.6000	82.66	61.16
War Loan 3½pc		5.09	-	68.7751	-.3671	77.19	56.09
Conv 3½pc '61 Aft		4.08	-	85.7751	-.3671	94.19	72.09
Treas 3pc '66 Aft		5.53	-	54.2500	-.4500	59.05	44.09
Consols 2½pc		5.06	-	49.2500	-.4500	54.05	38.06
Treas 2½pc		5.18	-	48.2230	-.1567	53.84	38.46

Index-Linked (b)	Notes	Yield (1)	Yield (2)	Price £	+ or -	1998 High	1998 Low
2½pc '99	♣	0.68	1.86	197.5564	+.0831	197.99	188.20
2½pc '01	(78.3)	2.48	2.77	205.6914	+.0831	205.09	194.71
2½pc '03	(78.8)	2.38	2.52	204.2870	+.0115	205.30	192.34
4⅜pc '04	(135.6)	2.23	2.49	132.1048	+.0193	132.10	124.28
2pc '06	(69.5)	2.29	2.44	225.6344	+.2232	225.63	208.54
2½pc '09	(78.8)	2.32	2.45	206.4464	+.2400	206.45	187.06
2½pc '11	(74.6)	2.37	2.47	217.7770	+.2701	217.78	195.58
2½pc '13	(89.2)	2.37	2.45	182.5522	+.2717	182.55	162.40
2½pc '16	(81.6)	2.33	2.41	200.6829	+.3097	200.68	175.38
2½pc '20	(83.0)	2.34	2.40	198.3684	+.3263	198.37	170.21
2½pc '24	(97.7)	2.29	2.34	170.6300	+.3040	170.63	142.88
4⅛pc '30	(135.1)	2.25	2.31	168.4236	+.3275	168.42	140.65

Prospective real redemption rate on projected inflation of (1) 5% and (2) 3%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for February 1998: 160.3 and for September 1998: 164.4.

Other Fixed Interest

	Notes	Yield Int	Yield Red	Price £	+ or -	1998 High	1998 Low
Asian Dev 10¼pc 2009		7.67	5.88	133⅝	+1⅛	137⅜	127⅞
B'ham 11½pc 2012		7.80	6.50	147⅛xd	-	154½	140½
Leeds 13½pc 2006		9.54	-	141½	-	148½	141½
Liverpool 3½pc Irred		5.83	-	60	-	64	51
LCC 3pc '20 Aft		6.77	-	44	-	56	44
Manchester 11½pc 2007		8.24	5.85	139½	-	146½	132½
Met. Wtr. 3pc 'B'		3.39	5.10	91	-	91	88
N'wide Anglia 3⅝pc IL 2021		-	3.25	183⅝	+1⅛	187⅞	172¼
4⅝pc IL 2024		-	3.25	175½	+1⅛	180⅞	158¼

● 'Tap' stock. All UK Gilts are tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real Index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices. ♣ Indicative price.

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Irish surprise

MARKETS REPORT

By Alan Beattie

The Irish central bank sprung a late surprise yesterday by slashing a huge 125 basis points off interest rates.

Acting only half an hour before the end of London foreign exchange trading hours, the Irish authorities reduced the repo rate from 4.94 per cent to 3.69 per cent. The move left rates just 40 basis points above the expected convergence level of 3.3 per cent for currencies entering the euro in the new year.

The punt was broadly unchanged, ending at I£1.110 against sterling at the end of London trading.

The markets had generally expected a cut in interest rates at the end of this week or early next, but the sheer size of the move took them by surprise.

Many had thought that the continued rapid growth of the Irish economy, which has outpaced almost all of its euro-zone partners in recent years, would encourage the central bank to keep rates relatively high in an attempt to bring the real side of the economy into line.

The move may spark renewed speculation that early interest rate convergence will allow European core interest rates to be cut before the end of the year.

■ Sterling yesterday continued to show an unexpectedly robust reaction to the 50 basis point cut in interest rates announced by the Bank of England's monetary policy committee (MPC) on Thursday.

At the close of London trading yesterday the pound had closed up at DM2.764 against the D-Mark and $1.663 against the dollar.

The dollar itself confronted mixed messages about prospects for US interest rates. In the dovish corner were the inadvertently released non-farm payroll data, showing employment growing more slowly than the market had expected.

Wearing the hawk's costume was Alan Greenspan, who on Thursday repeated what appears to be an agreed G7 line that the crisis in global financial markets is dissipating. The markets inferred from this that a further easing of US interest rates for liquidity reasons was less likely.

The net result was that the dollar ended somewhat higher against the yen at Y118.3, though for much of London dealing hours it had wandered aimlessly in thin end-of-week trading.

■ The Australian dollar leapt in midsession European trading yesterday. After drifting down slowly in Asian trading, the Aussie rose nearly one per cent against the dollar before softening to finish at A$1.5779, up from A$1.5809 at the previous day's close.

Market analysts pointed to an article in Saturday's Australian Financial Review (AFR) as the reason for the abrupt jump. The AFR cast doubt on the prospects for an interest rate cut in Australia before Christmas.

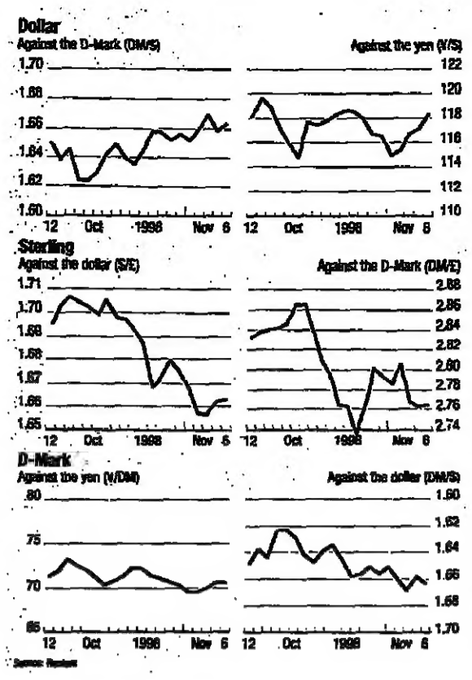
"The AFR article undoubtedly pushed the Aussie higher," said one economist at an Australian bank in London yesterday. "But there wasn't much volume going through today in any case."

The analyst added that there was about a 50-50 chance of a small easing in interest rates before the end of the year, and that the failure to cut would provide some support for the Australian dollar.

"But in the longer term the Aussie's fortunes are pegged to the yen," he said. "There can be some unhitching in the short term but it can't persist for ever." A yen level below Y120 against the dollar would weigh on the Australian currency, he thought.

■ POUND IN NEW YORK

Nov 6	—Latest—	– Prev. close –
£ spot	1.6577	1.6610
1 mth	1.6555	1.6590
3 mth	1.6517	1.6538
1 yr	1.6388	1.6390



Source: Reuters

POUND SPOT FORWARD AGAINST THE POUND

Nov 6		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.4438	+0.0523	329 - 548	19.4663	19.3710	19.3892	3.4	19.2678	3.2	18.9485	2.5	103.6
Belgium	(BFr)	57.0108	+0.1465	636 - 575	57.0620	56.8400	56.8478	3.4	56.5404	3.3	55.4677	2.7	103.7
Denmark	(DKr)	10.5068	+0.0278	009 - 127	10.5189	10.4795	10.485	2.5	10.4412	2.5	10.2852	2.1	107.4
Finland	(FM)	8.4028	+0.018	966 - 090	8.4140	8.3820	8.3799	3.3	8.3347	3.2	8.1772	2.7	82.8
France	(FFr)	9.2567	+0.0252	834 - 899	9.2766	9.2402	9.2402	3.4	9.1909	3.3	9.0173	2.7	107.3
Germany	(DM)	2.7637	+0.0073	622 - 652	2.7682	2.7549	2.7559	3.4	2.7414	3.2	2.6866	2.7	105.3
Greece	(Dr)	483.259	+1.062	939 - 579	485.018	480.169	484.967	-4.5	488.384	-4.4	492.295	-4.1	82.2
Ireland	(I£)	1.1105	+0.0031	096 - 115	1.1117	1.1084	1.108	2.7	1.1024	2.9	1.0817	2.6	96.0
Italy	(L)	2733.32	+7.07	198 - 465	2736.78	2727.35	2727.78	2.4	2715.08	2.7	2664.35	2.5	78.6
Luxembourg	(LFr)	57.0108	+0.1485	636 - 575	57.0620	56.8400	56.8478	3.4	56.5404	3.3	55.4677	2.7	103.7
Netherlands	(Fl)	3.1159	+0.009	151 - 180	3.1209	3.1077	3.1071	3.7	3.0994	3.5	3.0305	2.8	103.2
Norway	(NKr)	12.2742	+0.0526	670 - 813	12.2862	12.2126	12.2861	-1.2	12.3024	-0.9	12.3148	-0.3	93.3
Portugal	(Es)	283.332	+0.674	139 - 525	283.529	282.780	282.584	3.3	281.054	3.2	275.852	2.6	92.9
Spain	(Pta)	234.982	+0.618	832 - 132	235.140	234.460	234.38	3.1	233.188	3.1	228.837	2.6	77.6
Sweden	(SKr)	12.9834	+0.0555	751 - 897	12.9960	12.8771	12.9503	3.0	12.8881	2.9	12.6921	2.2	81.7
Switzerland	(SFr)	2.2732	+0.0137	721 - 742	2.2777	2.2698	2.2628	5.5	2.2429	5.3	2.1713	4.5	108.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	99.5
Ecu	-	1.4068	+0.0032	061 - 074	1.4089	1.4044	1.4034	2.9	1.3962	3.0	1.3698	2.6	-
SDR†	-	1.183990	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6618	-0.0004	614 - 622	1.6643	1.6602	-	-	-	-	-	-	-
Brazil	(R$)	1.9753	-0.0011	747 - 758	1.9775	1.9734	-	-	-	-	-	-	-
Canada	(C$)	2.5430	+0.0178	415 - 444	2.5459	2.5263	2.5398	1.8	2.5327	1.6	2.5109	1.3	78.5
Mexico	(New Peso)	16.6077	-0.0047	954 - 200	16.6200	16.5103	16.9341	-23.6	17.6322	-24.7	20.5195	-23.6	-
USA	($)	1.6626	+0.0002	622 - 630	1.6648	1.6610	1.6603	1.6	1.6566	1.5	1.645	1.2	105.0
Pacific/Middle East/Africa													
Australia	(A$)	2.6235	-0.0046	218 - 251	2.6450	2.6159	2.6191	2.0	2.6105	2.0	2.5861	1.4	79.6
Hong Kong	(HK$)	12.8730	+0.0022	691 - 769	12.8990	12.8608	12.8848	0.8	12.8667	0.2	13.0765	-1.6	-
India	(Rs)	70.3280	-0.0092	944 - 615	70.4460	70.2426	-	-	-	-	-	-	-
Indonesia	(Rupiah)	13799.62	-289.3	904 - 920	14621.20	13624.80	14295.83	-43.2	15232	-41.5	18155.3	-31.6	-
Israel	(Shk)	7.1819	+0.0146	603 - 035	7.2056	7.1577	-	-	-	-	-	-	-
Japan	(Y)	196.702	+2.093	572 - 833	196.860	195.740	195.607	6.7	193.277	7.0	184.867	6.0	127.9
Malaysia	(M$)	6.3179	+0.0098	179 - 179	6.3250	6.3121	-	-	-	-	-	-	-
New Zealand	(NZ$)	3.0861	+0.0036	833 - 888	3.0937	3.0754	3.0793	2.6	3.0685	2.3	3.0588	0.9	91.5
Philippines	(Peso)	66.3794	+0.0486	556 - 032	66.6060	66.1511	66.8242	-8.0	67.723	-8.1	71.4774	-7.7	-
Saudi Arabia	(SR)	6.2354	+0.0004	337 - 371	6.2420	6.2298	6.2301	1.0	6.2228	0.8	6.2055	0.4	-
Singapore	(S$)	2.7225	+0.0238	210 - 240	2.7268	2.6958	2.713	4.2	2.699	3.9	2.6411	3.0	-
South Africa	(R)	9.1194	-0.1697	089 - 299	9.2651	9.1000	9.2064	-11.4	9.3728	-11.1	10.0675	-10.4	-
South Korea	(Won)	2180.50	-7.22	746 - 352	2184.39	2175.89	-	-	-	-	-	-	-
Taiwan	(T$)	54.0570	-0.0949	331 - 808	54.2500	54.0157	54.0094	1.1	53.9613	0.8	53.8946	0.1	-
Thailand	(Bt)	60.9094	+0.4479	365 - 822	60.9800	60.5170	60.919	-0.2	61.0686	-1.0	62.2452	-2.2	-

† Rates for Nov 4. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. The exchange rates printed in this table are also available on the Internet at http://www.FT.com.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 6		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	11.6948	+0.0301	911 - 986	11.7030	11.6428	11.6776	1.8	11.6434	1.8	11.5329	1.4	103.4
Belgium	(BFr)	34.2905	+0.084	700 - 100	34.3500	34.2000	34.238	1.8	34.1315	1.8	33.76	1.5	103.7
Denmark	(DKr)	6.3195	+0.016	175 - 215	6.3256	6.2987	6.3148	0.9	6.303	1.0	6.26	0.9	106.7
Finland	(FM)	5.0540	+0.0102	515 - 565	5.0580	5.0374	5.0471	1.7	5.0314	1.8	4.977	1.5	82.2
France	(FFr)	5.5736	+0.0145	730 - 742	5.5785	5.5580	5.5652	1.8	5.5482	1.8	5.4883	1.5	106.9
Germany	(DM)	1.6623	+0.0042	618 - 628	1.6636	1.6565	1.6598	1.8	1.6549	1.8	1.637	1.5	105.0
Greece	(Dr)	278.695	+0.605	510 - 760	279.710	276.660	280.05	-6.1	282.735	-5.9	293.545	-5.4	61.8
Ireland	(I£)	1.4972	-0.004	962 - 982	1.5012	1.4955	1.4986	-1.1	1.5027	-1.5	1.519	-1.5	-
Italy	(L)	1644.01	+4.06	360 - 441	1645.00	1639.30	1642.88	0.8	1639.01	1.2	1622.01	1.3	78.3
Luxembourg	(LFr)	34.2900	+0.084	700 - 100	34.3500	34.2000	34.238	1.8	34.1315	1.8	33.76	1.5	103.7
Netherlands	(Fl)	1.8745	+0.0051	741 - 749	1.8762	1.8684	1.8713	2.1	1.865	2.0	1.8446	1.6	103.1
Norway	(NKr)	7.3825	+0.0307	800 - 850	7.3875	7.3380	7.3998	-2.8	7.4265	-2.4	7.4953	-1.5	92.0
Portugal	(Es)	170.415	+0.385	340 - 490	170.580	169.940	170.181	1.6	169.662	1.8	167.895	1.5	93.2
Spain	(Pta)	141.340	+0.355	290 - 390	141.420	140.920	141.161	1.5	140.768	1.6	139.29	1.5	77.4
Sweden	(SKr)	7.8085	+0.0325	060 - 110	7.8140	7.7470	7.7987	1.4	7.7802	1.5	7.725	1.1	81.2
Switzerland	(SFr)	1.3672	+0.008	669 - 675	1.3696	1.3640	1.3627	3.9	1.3539	3.9	1.3215	3.3	108.2
UK	(£)	1.6626	+0.0002	622 - 630	1.6646	1.6610	1.6603	1.6	1.6566	1.5	1.643	1.2	99.0
Ecu	-	1.1819	-0.0025	816 - 821	1.1837	1.1809	1.1832	-1.4	1.1865	-1.6	1.1996	-1.5	-
SDR†	-	0.71400	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-0.0004	995 - 995	0.9995	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	1.1881	-0.0008	880 - 881	1.1883	1.1880	-	-	-	-	-	-	-
Canada	(C$)	1.5295	+0.0105	290 - 300	1.5318	1.5204	1.5294	0.0	1.5289	0.2	1.5279	0.1	78.4
Mexico	(New Peso)	9.9890	-0.004	840 - 940	9.9940	9.9780	10.199	-25.2	10.844	-26.2	12.489	-25.0	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	105.8
Pacific/Middle East/Africa													
Australia	(A$)	1.5779	-0.003	773 - 785	1.5911	1.5736	1.5771	0.6	1.5745	0.9	1.5838	0.9	79.2
Hong Kong	(HK$)	7.7427	+0.0004	422 - 432	7.7445	7.7420	7.7482	-0.9	7.7672	-1.3	7.9589	-2.8	-
India	(Rs)	42.3000	-0.01	900 - 100	42.3300	42.2330	42.73	-12.2	43.55	-11.8	46.756	-10.6	-
Indonesia	(Rupiah)	8300.00	-175	000 - 000	8800.00	8175.00	8610	-44.8	9195	-43.1	11050	-33.1	-
Israel	(Shk)	4.3197	+0.0083	077 - 316	4.3323	4.3070	-	-	-	-	-	-	-
Japan	(Y)	118.310	+1.245	260 - 360	118.400	117.770	117.81	5.1	116.675	5.5	112.515	4.9	130.5
Malaysia‡	(M$)	3.8000	-	300 - 300	3.8000	3.8000	-	-	-	-	-	-	-
New Zealand	(NZ$)	1.8561	+0.002	549 - 574	1.8605	1.8515	1.8592	-2.0	1.8646	-1.8	1.8834	-1.5	-
Philippines	(Peso)	39.9250	+0.025	000 - 500	40.0500	39.8000	40.2485	-9.7	40.892	-9.6	43.504	-9.0	-
Saudi Arabia	(SR)	3.7504	-0.0002	503 - 505	3.7505	3.7500	3.7523	-0.6	3.7565	-0.7	3.7794	-0.8	-
Singapore	(S$)	1.6375	+0.017	370 - 380	1.6405	1.6220	1.634	2.6	1.6275	2.4	1.6075	1.8	-
South Africa	(R)	5.4850	-0.1028	800 - 900	5.5801	5.4800	5.5448	-13.1	5.658	-12.6	6.1275	-11.7	-
South Korea	(Won)	1311.50	-4.5	000 - 300	1319.50	1310.00	-	-	-	-	-	-	-
Taiwan	(T$)	32.5135	-0.061	070 - 200	32.5700	32.5000	32.5385	-0.6	32.5885	-0.7	32.8835	-1.1	-
Thailand	(Bt)	36.6350	+0.285	000 - 700	36.7000	36.3700	36.69	-1.8	36.865	-2.5	37.865	-3.4	-

† SDR rate per $ for Nov 4. ‡ Official rate set by Malaysian government. The WM/Reuters rate for the valuation of capital assets is 5.43 MYR/USD, a discount of 30% on the official rate. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Nov 4: Base average 1990=100. Bid, offer, mid spot rates and forward rates in both this and the Pound table are derived from THE WM/REUTERS CLOSING SPOT and FORWARD RATE services. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the Internet at http://www.FT.com.

WORLD INTEREST RATES

MONEY RATES

Nov 6	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3⅞	3½	3½	3⅜	3⅜	6.00	2.75	-
France	3⅞	3⅜	3½	3½	3⅜	4.60	-	3.30
Germany	3⅜	3⅜	3⅝	3⅝	3⅜	4.50	2.50	3.30
Ireland	5⅛	4⅝	3⅞	3⅝	3⅞	-	-	3.69
Italy	4⅝	4⅛	4⅛	3⅞	3⅞	6.50	5.00	5.12
Netherlands	3⅛	3⅛	3⅝	3⅛	3⅛	-	2.75	3.30
Switzerland	1⅜	1⅛	1⅛	1⅛	1⅜	-	1.00	-
US	5⅛	5⅛	5⅛	5⅛	5⅛	-	5.00	-
Japan	¼	¼	¼	¼	½	-	0.50	-
■ $ LIBOR BBA London								
Interbank Fixing	-	5⅛	5⅛	5⅛	4⅞	-	-	-
US Dollar CDs	-	4.97	4.89	4.81	4.63	-	-	-
ECU Linked Ds	-	4⅛	4	3⅞	3⅞	-	-	-
SDR Linked Ds	-	3⅛	3⅜	3⅜	3⅜	-	-	-

London interbank fixing rate (LIBOR) is the BBA London rate, fixed at 11am.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 6	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅞ - 3⅜	3⅜ - 3⅞	3⅜ - 3⅝	3⅜ - 3⅝	3⅝ - 3⅜	3⅝ - 3½
Danish Krone	4½ - 4⅜	4⅜ - 4⅜	4⅝ - 4⅜	4⅜ - 4⅜	4⅜ - 4⅜	4⅜ - 4⅜
German Mark	3½ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3½ - 3⅜
Dutch Guilder	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜
French Franc	3⅝ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜
Portuguese Esc.	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜
Spanish Peseta	3⅜ - 3⅜	3½ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜
Sterling	6⅝ - 6⅜	6¾ - 6⅝	6⅞ - 6⅞	6⅞ - 6⅞	6⅝ - 6⅝	6⅛ - 6⅛
Swiss Franc	1⅜ - 1¼	1⅜ - 1¼	1⅛ - 1⅛	1⅛ - 1⅛	1⅛ - 1⅛	1⅛ - 1⅛
Canadian Dollar	5¼ - 5⅛	5⅜ - 5⅛	5⅜ - 5⅛	5⅛ - 5	5⅛ - 4⅞	4⅞ - 4⅞
US Dollar	5 - 4⅞	5⅛ - 5⅛	5⅛ - 5⅛	5⅛ - 5⅛	5⅛ - 5⅛	5⅛ - 4⅞
Italian Lira	5 - 4½	4⅝ - 4⅝	4⅝ - 4⅝	4⅝ - 4⅛	3⅞ - 3⅞	3⅞ - 3⅞
Japanese Yen	⅛ - ⅛	⅛ - ⅛	⅛ - ⅛	⅛ - ⅛	⅛ - ⅛	⅛ - ⅛
Asian $Sing	2⅛ - 2	2 - 1⅞	2⅛ - 1⅞	2⅛ - 1⅞	2⅛ - 2⅛	2⅛ - 2⅛

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.440	96.390	-0.035	96.445	96.420	3,627	66,767
Mar	96.635	96.420	-0.035	96.640	96.580	2,712	44,989

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.410	96.415	-0.015	96.430	96.385	75888	508067
Mar	96.630	96.600	-0.040	96.640	96.565	61185	508457
Jun	96.690	96.635	-0.055	96.690	96.610	42094	357611
Sep	96.680	96.635	-0.055	96.685	96.600	42351	268666

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		96.315	-0.015			0	4000

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.280	96.310	-	96.310	96.280	11098	182789
Mar	96.630	96.600	-0.030	96.630	96.530	3433	258010
Jun	96.670	96.640	-0.040	96.680	96.600	1606	76398
Sep	96.670	96.635	-0.045	96.670	96.580	815	44992

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	98.440	98.420	-0.100	98.450	98.400	13029	66693
Mar	98.450	98.430	-0.080	98.460	98.400	10953	53091
Jun	98.380	98.340	-0.090	98.380	98.320	2434	31890
Sep	98.270	98.240	-0.090	98.270	98.230	891	20908

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.37	99.37	+0	99.37	99.37	504	n/a
Mar	99.47	99.47	+0	99.47	99.47	400	n/a
Jun		99.52	-0.01			0	n/a

* LIFFE futures also traded on APT

■ THREE MONTH EURO FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.380	96.360	-0.020	96.380	96.350	147	9965
Mar	96.640	96.600	-0.040	96.640	96.580	132	6103
Jun	96.680	96.635	-0.055	96.680	96.620	109	2195
Sep	96.690	96.635	-0.055	96.690	96.635	59	1248

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.84	94.78	-0.07	94.85	94.75	121,698	518,966
Mar	94.25	94.19	-0.06	95.26	94.16	183,969	520,239
Jun	94.29	95.21	-0.07	95.31	95.19	218,329	435,591

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	95.69	95.62	-0.08	95.69	95.62	69	1,675
Mar	96.05	96.01	-0.07	96.07	95.95	60	352
Jun	96.25	96.22	-	-	96.22	2	29

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
96375	0.080	0.090			0.020	0.050		
96500	0.005	0.030	0.160	0.205	0.090	0.115	0.080	0.105
96625	0	0.015			0.210	0.225		
96750	0	0.010	0.050	0.080	0.335	0.345	0.200	0.240

Est. vol. total, Calls 38833 Puts 6495. Previous day's open int., Calls 734717 Puts 495625

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
98500	0.080	0.185	0.210	0.180	0.235	0.370
98625	0.040			0.245		

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 13897 Puts 4367

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
96375	0.040			0.105		
96500	0.020	0.210	0.300	0.210	0.110	0.160
96625	0.010			0.325		

Est. vol. total, Calls 50 Puts 2250. Previous day's open int., Calls 72814 Puts 80322

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
0.600	0.72	1.09	1.43	0.18	0.46	0.72
0.605	0.41	0.80	1.15	0.34	0.67	0.93
0.610	0.20	0.57	0.90	0.63	0.94	1.19

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 6		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.43	16.25	4.848	1.948	4794	5.467	21.53	497.0	412.2	22.77	3.987	1.754	4.460	2.916	345.0	2.467
Denmark	(DKr)	54.26	10	8.820	2.630	1.057	2601	2.966	11.68	269.7	223.7	12.36	2.163	0.952	2.420	1.582	187.2	1.339
France	(FFr)	61.52	11.34	10	2.982	1.198	2950	3.363	13.25	305.8	253.6	14.01	2.453	1.079	2.744	1.794	212.3	1.518
Germany	(DM)	20.63	3.802	3.353	1	0.402	989.0	1.128	4.441	102.5	85.03	4.697	0.822	0.362	0.920	0.602	71.17	0.509
Ireland	(I£)	51.34	9.462	8.345	2.489	1	2461	2.807	11.05	255.1	211.6	11.69	2.047	0.901	2.290	1.497	177.1	1.267
Italy	(L)	2.086	0.384	0.339	0.101	0.041	100	0.114	0.449	10.37	8.597	0.475	0.083	0.037	0.093	0.061	7.196	0.051
Netherlands	(Fl)	18.29	3.371	2.973	0.887	0.356	877.0	1	3.938	90.91	75.40	4.166	0.729	0.321	0.816	0.533	63.12	0.451
Norway	(NKr)	46.45	8.560	7.550	2.252	0.905	2227	2.539	10	230.8	191.5	10.58	1.852	0.815	2.072	1.356	160.3	1.146
Portugal	(Es)	20.12	3.708	3.271	0.975	0.392	964.7	1.100	4.332	100	82.94	4.582	0.802	0.353	0.898	0.587	69.42	0.497
Spain	(Pta)	24.26	4.471	3.943	1.176	0.473	1163	1.326	5.223	120.6	100	5.525	0.967	0.426	1.082	0.708	83.71	0.599
Sweden	(SKr)	43.91	8.093	7.138	2.129	0.855	2105	2.401	9.454	218.2	181.0	10	1.751	0.770	1.959	1.281	151.5	1.084
Switzerland	(SFr)	25.08	4.622	4.077	1.216	0.489	1202	1.371	5.400	124.6	103.4	5.711	1	0.440	1.119	0.731	86.53	0.619
UK	(£)	57.01	10.51	9.267	2.764	1.110	2733	3.117	12.27	283.3	235.0	12.98	2.273	1	2.543	1.663	196.7	1.407
Canada	(C$)	22.42	4.132	3.644	1.087	0.437	1075	1.226	4.827	111.4	92.41	5.105	0.894	0.393	1	0.654	77.35	0.553
USA	($)	34.29	6.320	5.574	1.662	0.668	1644	1.875	7.383	170.4	141.3	7.808	1.367	0.601	1.530	1	118.3	0.846
Japan	(Y)	28.98	5.341	4.711	1.405	0.565	1390	1.584	6.240	144.0	119.5	6.600	1.156	0.508	1.293	0.845	100	0.715
Ecu	-	40.53	7.469	6.587	1.965	0.789	1943	2.215	8.725	201.4	167.0	9.229	1.616	0.711	1.808	1.182	139.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Nov 6	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Greece	357.000	328.318	+0.06	-8.03	7.57	54
Denmark	7.54257	7.43166	+0.00268	-1.47	0.41	10
Ireland	0.796244	0.785859	+0.000525	-1.30	0.24	9
Italy	1957.61	1933.74	+0.82	-1.22	0.15	9
Spain	168.220	166.255	+0.113	-1.17	0.10	8
France	6.63186	6.55469	+0.00316	-1.16	0.09	10
Austria	13.9119	13.7533	+0.0076	-1.14	0.07	8
Germany	1.97738	1.95483	+0.000911	-1.14	0.07	11
Belgium	40.7844	40.3243	+0.0218	-1.13	0.06	8
Finland	6.01125	5.94469	+0.00278	-1.11	0.04	7
Portugal	202.692	200.464	+0.129	-1.10	0.03	7
Netherlands	2.22799	2.20413	+0.00091	-1.07	0.00	8
NON ERM MEMBERS						
UK	0.653644	0.708678	-0.002406	8.42	-0.75	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. 16/3/98: Drachma joined ERM & Punt revalued by 3%. Other central rates adjusted. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6037	0.6031	-0.0009	0.6047	0.6024	17,795	118,398
Mar	0.6061	0.6055	-0.0007	0.6083	0.6055	15	1,096
Jun	-	0.6081	-	-	-	5	192

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7248	0.7345	-0.0018	0.7366	0.7333	6,816	43,624
Mar	-	0.7410	-0.0020	-	0.7410	15	476
Jun	-	0.7470	-0.0018	-	0.7470	1	11

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8534	0.8510	-0.0035	0.8543	0.8482	17,350	81,401
Mar	0.8620	0.8623	-0.0038	0.8623	0.8613	66	4,600
Jun	-	0.8763	-	-	-	-	3,660

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6582	1.6596	+0.0012	1.6624	1.6578	8,778	51,542
Mar	1.6542	1.6542	+0.0016	1.6542	1.6540	19	1,525
Jun	-	1.6480	+0.0010	1.6480	-	4	1,202

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
1.650	1.64	2.44	3.07	0.66	1.67	2.52
1.660	1.05	1.97	2.62	1.07	2.09	2.97
1.670	0.67	1.53	2.23	1.64	2.62	3.54

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a

UK INTEREST RATES

LONDON MONEY RATES

Nov 6	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 - 6	6⅞ - 6⅝	6¾ - 6¾	6⅞ - 6⅞	6⅝ - 6⅝	6¼ - 6⅛
Sterling CDs	-	-	7⅜ - 7¼	7⅛ - 7⅛	7⅛ - 6⅞	6⅝ - 6⅝
Treasury Bills	-	-	7⅛ - 7⅛	6⅞ - 6⅞	-	-
Bank Bills	-	-	7⅛ - 7⅛	7⅛ - 6⅞	6⅝ - 6⅝	-
Local authority deps.	7 - 6¾	7¼ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛	6¾ - 6¾
Discount Market deps	7¼ - 7	7¼ - 7	-	7¼ -	-	-

UK clearing bank base lending rate 6¾ per cent from Nov 5, 1998

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	4	6.5	6.5	6.25	6.25

Certs of Tax dep. under £100,000 is 4pc. Deposits withdrawn for cash 2pc. Ave. tender rate of discount on Nov 6, 6.3169pc. ECGD fixed rate Stg. Export Finance. Make up day Oct 30, 1998. Agreed rate for period Nov 25, 1998 to Dec 25, 1998, Scheme III 8.47pc. Reference rate for period Oct 1, 1998 to Oct 30, 1998, Schemes IV & V 7.227pc. Finance House Base Rate 7½pc for Nov 1998.

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.360	93.290	-0.080	93.360	93.270	29386	199677
Mar	93.860	93.770	-0.120	93.870	93.730	34565	170838
Jun	94.220	94.090	-0.140	94.220	94.070	26976	145100
Sep	94.350	94.240	-0.160	94.390	94.230	27629	143385
Dec	94.330	94.210	-0.170	94.350	94.190	12733	141708

Also traded on APT. All Open interest figs. are for previous day

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
93250	0.125	0.595	0.925	0.085	0.075	0.085
93375	0.070			0.155		
93500	0.040	0.410	0.725	0.250	0.140	0.135
93625	0.020			0.355		
93750	0.010	0.265	0.565	0.470	0.245	0.215
93875	0.005			0.590		

Est. vol. total, Calls 25082 Puts 11798. Previous day's open int., Calls 533081 Puts 379754

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Exeter Trust Limited	8.25	Smith & Williamson	6.75
Allied Irish Bank (GB)	6.75	Financial & Gen Bank	8.00	Sun Bank	7.25
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	Habib Bank AG Zurich	6.75	United Bank of Kuwait	6.75
Bank of Cyprus	6.75	Heritable & Gen Inv Bk	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	7.50	C. Hoare & Co	7.25	Whiteaway Laidlaw	6.75
Bank of India	6.75	●Hambros Bank	6.75	Yorkshire Bank	6.75
Bank of Scotland	6.75	Hongkong & Shanghai	6.75		
Barclays Bank	6.75	Investec Bank (UK) Ltd	6.75		
Brit Bk of Mid East	6.75	Julian Hodge Bank	7.25		
●Brown Shipley & Co Ltd	6.75	●Leopold Joseph & Sons	7.25		
Citibank NA	6.75	Lloyds Bank	6.75		
Clydesdale Bank	7.25	Midland Bank	6.75		
The Co-operative Bank	6.75	NatWestminster	6.75		
Coutts & Co	6.75	●Rea Brothers	6.75		
Cyprus Popular Bank	7.25	Royal Bk of Scotland	7.25		
Duncan Lawrie	6.75	Scottish Widows Bank	6.75		
		●Singer & Friedlander	6.75		

● Members of London Investment Banking Association

■ OTHER CURRENCIES

Nov 6	£	$
Czech Rp	48.5495 - 48.6610	29.2080 - 29.2510
Hungary	356.359 - 356.797	214.390 - 214.550
Iran	4989.00 - 4986.60	3000.00 - 3000.00
Kuwait	0.5018 - 0.5026	0.3019 - 0.3022
Peru	5.1163 - 5.1220	3.0780 - 3.0800
Poland	5.6847 - 5.6958	3.4200 - 3.4250
Russia	26.4290 - 26.6080	15.9000 - 16.0000
U.A.E.	6.1049 - 6.1082	3.6728 - 3.6730

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Companies and Finance page in Monday's edition.

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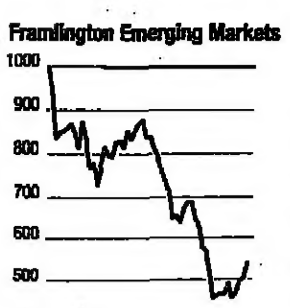
UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR:	
Baring German Growth	1,541
Newton European	1,408
Invesco European Small Cos	1,385
CF Odey European Acc	1,379
QM Paribas French Equities	1,375

BOTTOM FIVE OVER 1 YEAR:	
Dimensional UK Smaller Cos	328
Dresdner RCM Gl Emer Mkts	523
Scot Widows Latin America	524
Framlington Emerging Markets	543
Portfolio Emerging Markets	544

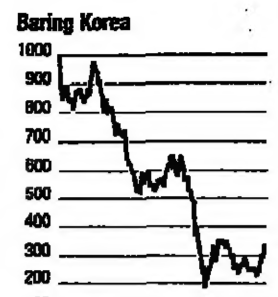
Framlington Emerging Markets



TOP FIVE OVER 3 YEARS:	
Jupiter UK Growth Exempt	2,207
TU European	2,161
Newton European	2,128
Invesco European Growth	2,107
Invesco European Small Cos	2,054

BOTTOM FIVE OVER 3 YEARS:	
Old Mutual Thailand Acc	271
Save & Prosper Korea	273
Schroder Seoul	293
Baring Korea	336
Save & Prosper Gold & Exp'tion	357

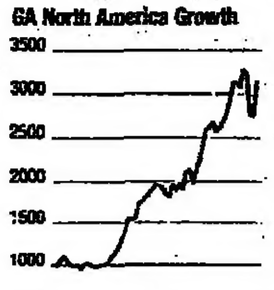
Baring Korea



TOP FIVE OVER 5 YEARS:	
GA North America Growth	3,136
Gartmore European Sel Opps	2,913
Invesco European Growth	2,826
Invesco European Small Cos	2,747
Threadneedle Euro Sel Gt Acc R	2,704

BOTTOM FIVE OVER 5 YEARS:	
Save & Prosper Korea	256
Schroder Seoul	304
Old Mutual Thailand Acc	324
Schroder Japan Small Cos Acc	356
Henderson Japan Smaller Cos	365

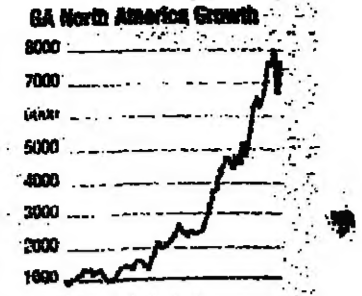
GA North America Growth



TOP FIVE OVER 10 YEARS:	
GA North America Growth	7,658
F&C US Smaller Companies	7,534
Aberdeen Prolific Technology	7,081
Hill Samuel US Smaller Cos	6,446
Lincoln North American	6,422

BOTTOM FIVE OVER 10 YEARS:	
Barclays Japan	406
Henderson Japan Smaller Cos	442
M&G Japan Acc	488
Invesco Japan Growth	525
Henderson Japan	554

GA North America Growth



Source: Reuters (Tel: 01625 511311)

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices

	1 year (£)	3	5	10	Volatility	Yld%
Average Unit Trust	1009	1265	1448	2760	4.3	2.8
Average Investment Trust	1043	1309	1545	3104	6.1	5.0
Bank	1046	1122	1208	1765	0.0	5.7
Building Society	1043	1114	1202	1766	0.0	5.4
Stockmarket: FTSE All-Share	1147	1647	1982	3771	3.6	3.3
Inflation	1032	1092	1159	1517	0.3	-

UK Growth

	1 year (£)	3	5	10	Volatility	Yld%
Jupiter UK Growth Exempt	1344	2207	-	-	4.8	0.9
Johnson Fry Slater Growth	950	1919	2083	4155	4.3	1.9
River & Mercantile 1st Growth	1085	1746	2324	-	3.5	0.9
Thornhill Capital	1142	1716	1851	-	3.9	0.3
Lloyds TSB Environmental Inv	1141	1689	1938	-	3.7	1.1
SECTOR AVERAGE	1032	1431	1674	2695	3.8	1.7

UK Growth & Income

	1 year (£)	3	5	10	Volatility	Yld%
Fleming Select UK Income	1144	1786	2132	3107	3.6	2.7
CF The Utilities	1247	1744	2247	-	3.6	2.6
River & Mercantile Top 100	1160	1706	-	-	3.8	3.0
Laurence Keen Income & Growth	1122	1692	1896	-	3.8	3.1
HSBC Footsie Fund	1154	1689	1887	-	3.9	1.9
SECTOR AVERAGE	1070	1478	1706	2897	3.6	2.3

UK Smaller Companies

	1 year (£)	3	5	10	Volatility	Yld%
GT UK Smaller Companies Acc	1201	1621	1588	-	4.3	1.3
NatWest UK Smaller Cos	920	1612	-	-	4.7	2.3
Laurence Keen Smaller Cos	966	1587	2194	-	4.4	1.8
Henderson Exempt Cygnet	1039	1558	1653	-	4.2	1.2
Gartmore UK Smaller Companies	867	1498	2007	2293	4.9	1.3
SECTOR AVERAGE	875	1124	1336	1805	4.4	1.9

UK Equity Income

	1 year (£)	3	5	10	Volatility	Yld%
BWD UK Equity Income	1113	1725	2123	3313	3.4	3.5
Jupiter Income	1066	1693	2358	4859	3.1	3.8
Premier Dividend	1165	1665	2038	2182	3.4	3.7
Fidelity Income Plus	1120	1664	1741	2453	3.2	4.2
Newton Higher Income	1099	1594	1867	3418	3.7	4.3
SECTOR AVERAGE	1048	1453	1658	2786	3.3	4.0

UK Equity & Bond Income

	1 year (£)	3	5	10	Volatility	Yld%
Edinburgh UK Income	1098	1545	1716	2288	2.9	3.4
Abbey National Extra Income	1069	1542	1701	3379	2.4	4.4
CGU PPT High Yield	1104	1518	1848	2483	2.7	5.6
CIS UK Income	1089	1518	1719	-	2.8	3.5
HSBC High Income	1039	1497	-	-	2.5	5.8
SECTOR AVERAGE	1044	1373	1507	2387	2.5	5.1

UK Eq & Bd

	1 year (£)	3	5	10	Volatility	Yld%
Perpetual High Income	1080	1528	1902	4420	3.8	3.7
Canlife Income Dis	1069	1517	1695	2671	3.0	2.9
NPI UK Extra Income	1113	1485	1792	-	3.0	2.1
AXA Sun Life High Yield	1057	1474	1620	2503	3.0	2.5
Credit Suisse Monthly Inc Port	1059	1464	1799	-	3.2	3.6
SECTOR AVERAGE	1066	1450	1681	2983	3.1	2.9

UK Fixed Interest

	1 year (£)	3	5	10	Volatility	Yld%
CGU PPT Preference	1168	1544	1605	2323	2.3	6.0
Morgan Gren MP Annuity Conv Ex	1132	1460	-	-	1.7	5.0
Henderson Preference & Bond	1089	1455	1568	2032	1.2	6.7
Prolific Pref & Fixed Interest	1090	1453	1560	2128	1.5	5.3
CGU PPT Monthly Income Plus	1101	1452	1550	-	1.7	7.0
SECTOR AVERAGE	1070	1309	1400	2126	1.4	6.0

UK Gilt

	1 year (£)	3	5	10	Volatility	Yld%
Fleming Select Long-dated Gilt	1231	1614	-	-	2.1	5.5
Fidelity Institutional Lg Gilt	1232	1589	-	-	2.2	5.5
Mercury Long-Dated Bond	1150	1461	1506	-	2.1	3.5
M&G Gilt & Fixed Interest	1151	1423	1486	2257	1.6	4.8
Gartmore PS Fixed Interest	1150	1386	1431	2292	1.5	5.8
SECTOR AVERAGE	1111	1304	1333	2152	1.3	4.9

Far East exc Japan

	1 year (£)	3	5	10	Volatility	Yld%
HSBC Hong Kong Growth	824	1169	1251	5182	10.0	2.6
Friends Prov Australian	915	1148	1226	2688	5.1	-
INVESCO Hong Kong & China	708	958	865	3944	10.0	2.3
Fidelity South East Asia	941	888	960	3544	9.1	1.4
Old Mutual Hong Kong	612	887	885	3968	10.9	2.1
SECTOR AVERAGE	779	834	837	2425	8.9	1.5

Far East inc Japan

	1 year (£)	3	5	10	Volatility	Yld%
Jupiter Far Eastern	978	868	765	1739	7.4	-
AIB Govett Greater China	653	838	852	1923	9.7	-
Royal & SunAll Far East	924	812	808	1128	6.2	1.3
Save & Prosper Far East Sm Cos	889	802	598	-	5.9	1.1
Royal Life Pacific Basin	925	777	708	1119	6.1	0.6
SECTOR AVERAGE	812	682	666	1453	6.5	1.0

Japan

	1 year (£)	3	5	10	Volatility	Yld%
Murray Japan Growth	1114	929	907	-	5.8	-
Newton Japan	865	879	768	968	6.1	-
Baillie Gifford Japanese	930	872	810	1251	5.8	-
Martin Currie Japan	891	857	857	-	5.8	-
GT Japan Growth	869	834	863	1246	3.1	0.0
SECTOR AVERAGE	857	650	604	828	6.3	0.7

Europe

	1 year (£)	3	5	10	Volatility	Yld%
TU European	1316	2161	-	-	4.6	1.4
Newton European	1408	2128	2687	4928	5.7	0.3
INVESCO European Growth	1358	2107	2826	5421	6.5	-
INVESCO European Small Cos	1385	2054	2747	5501	5.7	-
Baring German Growth	1541	2031	2229	-	6.0	0.5
SECTOR AVERAGE	1194	1687	2054	4051	5.4	0.8

Global Emerging Mkts

	1 year (£)	3	5	10	Volatility	Yld%
Stewart Ivory Emerging Market	658	862	830	-	7.9	1.5
Gartmore PS Emerging Markets	731	819	591	-	8.0	1.4
Mercury Emerging Markets	807	812	749	-	8.5	0.3
Save & Prosper Emerging Mkts	693	737	-	-	9.3	1.3
Gartmore Emerging Markets	674	710	567	1199	7.8	-
SECTOR AVERAGE	644	681	620	1672	8.0	1.3

International Equity Income

	1 year (£)	3	5	10	Volatility	Yld%
GT International Income	1196	1631	1747	3851	3.4	2.6
Premier Global 100	1153	1399	1513	1892	4.0	-
M&G International Income	1065	1365	1492	3161	3.5	4.2
Mayflower Global Income	1082	1376	1575	2767	3.2	2.4
SECTOR AVERAGE	1092	1448	1582	2918	2.5	2.3

International Fixed Interest

	1 year (£)	3	5	10	Volatility	Yld%
Newton International Bond	1093	1283	1252	-	1.8	4.1
Baring Global Bond	1084	1282	1336	-	1.5	4.8
Barclays BGI Intl Fix Interest	1091	1267	1291	-	1.0	4.2
Marlborough Managed	1076	1232	1312	2388	1.7	3.5
AES Intl Bond & Convertible	1050	1222	1244	-	1.1	5.4
SECTOR AVERAGE	1071	1102	1137	1932	1.8	4.5

International Equity & Bond

	1 year (£)	3	5	10	Volatility	Yld%
Fleming General Opportunities	1143	1526	1649	-	2.6	3.3
GA Income Portfolio	1093	1445	1505	-	3.8	2.7
Bank of Ireland Ex Mgd Growth	1060	1380	1611	3279	3.5	2.0
NPI Worldwide Income	1051	1369	1587	-	3.4	2.3
MT General	1097	1363	-	-	-	3.8
SECTOR AVERAGE	1067	1283	1399	2825	2.8	2.7

International Growth

	1 year (£)	3	5	10	Volatility	Yld%
Framlington Financial	1107	1792	2085	5953	5.2	0.7
Save & Prosper Financial Secs	1036	1734	2205	4420	4.9	0.5
Gartmore Global Utilities	1309	1672	1843	-	4.3	1.3
Hill Samuel Financial	1066	1601	1830	3926	4.8	1.6
Save & Prosper Growth	1104	1541	1946	4075	4.1	0.7
SECTOR AVERAGE	1002	1258	1422	2839	4.8	1.2

Best Peps

	1 year (£)	3	5	10	Volatility	Yld%
TU European	1316	2161	-	-	4.6	1.4
Newton European	1408	2128	2687	-	5.7	0.3
INVESCO European Growth	1358	2107	2826	-	6.5	-
INVESCO European Small Cos	1385	2054	2747	-	5.7	-
Threadneedle Euro Sel Gt Acc R	1298	2025	2704	-	6.0	-
AVERAGE UT PEP	1052	1413	1666	-	3.6	2.7

Property

	1 year (£)	3	5	10	Volatility	Yld%
Norwich Property	1020	1317	1465	-	1.0	4.7
Aberdeen Prolific Property Shr	843	1303	1171	-	3.6	2.0
Barclays Property	1004	1232	1336	-	0.8	5.5
Airways Residential Property	966	1165	-	-	0.9	5.5
SECTOR AVERAGE	958	1259	1321	-	1.8	4.4

Nth America

	1 year (£)	3	5	10	Volatility	Yld%
Credit Suisse Transatlantic Ac	1222	1965	-	-	4.6	-
Fleming Select American	1186	1928	-	-	3.8	0.9
GA North America Growth	1149	1892	3136	7658	4.6	-
Old Mutual North American	1150	1888	2005	4481	4.8	-
Fidelity American	1281	1869	2295	5210	5.3	-
SECTOR AVERAGE	1038	1517	1837	4355	5.0	0.6

Commodity & Energy

	1 year (£)	3	5	10	Volatility	Yld%
M&G Australasian Acc	933	1197	1220	1855	5.9	2.5
M&G Commodity	718	725	897	1454	7.0	1.4
Hill Samuel Natural Resources	820	709	776	1220	6.9	1.1
Lloyds TSB Natural Resources	816	675	717	1838	7.4	0.8
Save & Prosper Commodity	629	669	671	1263	7.3	-
SECTOR AVERAGE	742	666	711	1379	8.6	1.3

Investment Trust Units

	1 year (£)	3	5	10	Volatility	Yld%
Quilter High Inc Inv Tst Acc	1094	1465	1639	-	3.7	3.5
S & F Investment Tst Portfolio	1037	1310	1410	-	4.5	0.7
Premier Enterprise	1002	1282	-	-	3.1	1.3
Aberdeen Prolific Fd of IT Dis	1114	1282	-	-	3.6	6.7
Quilter Investment Trusts	989	1280	1483	-	4.9	-
SECTOR AVERAGE	986	1228	1400	2763	4.2	2.1

Fund of Funds

	1 year (£)	3	5	10	Volatility	Yld%
Royal & SunAll Portfolio	1084	1449	1654	2619	3.7	1.2
Mercury Managed Income	1075	1401	-	-	2.4	3.7
Lloyds TSB Selector	1054	1395	1533	-	3.4	1.7
Lloyds Bank Income Portfolio	1036	1377	1521	-	2.4	3.8
Lloyds TSB Selector Income	1058	1375	1480	-	2.4	3.8
SECTOR AVERAGE	1006	1226	1340	2446	3.2	2.0

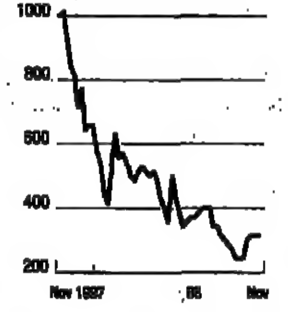
INVESTMENT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR:	
Aberdeen Preferred Income	1,805
Perpetual European	1,513
Foreign & Col Enterprise	1,509
Aberdeen High Income	1,490
Jupiter Primadona Growth	1,471

BOTTOM FIVE OVER 1 YEAR:	
First Russian Frontiers	143
Edinburgh Java	314
International Biotechnology	371
Foreign & Col Em Markets	409
Aberdeen Emerging Asia	447

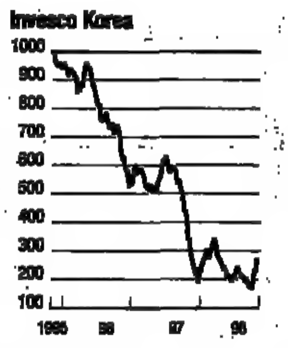
Edinburgh Java



TOP FIVE OVER 3 YEARS:	
Foreign & Col Enterprise	3,206
Jupiter Primadona Growth	2,903
Perpetual European	2,199
Henderson EuroTrust Units	2,179
TR European Growth	2,166

BOTTOM FIVE OVER 3 YEARS:	
East German	179
Edinburgh Java	181
Siam Selective Growth	269
Invesco Korea	269
First Russian Frontiers	282

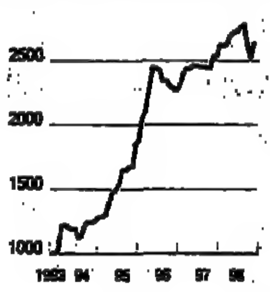
Invesco Korea



TOP FIVE OVER 5 YEARS:	
Foreign & Col Enterprise	4,155
TR European Growth	3,344
Jupiter Primadona Growth	3,206
Candover	3,098
Kleinwort Development Fund	2,632

BOTTOM FIVE OVER 5 YEARS:	
East German	115
Edinburgh Java	23
Govett Asian Smaller Cos	282
Siam Selective Growth	295
Invesco Korea	308

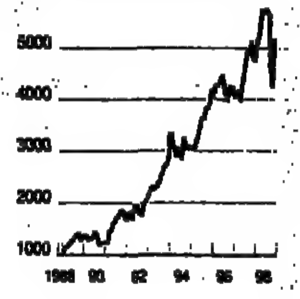
Kleinwort Development Fund



TOP FIVE OVER 10 YEARS:	
Foreign & Col Enterprise	10,253
Candover	7,626
Jupiter Primadona Growth	6,141
Personal Assets	5,173
Law Debenture Corporation	5,148

BOTTOM FIVE OVER 10 YEARS:	
Invesco Enterprise	392
Baillie Gifford Shin Nippon	652
Trust of Property Shares	657
Foreign & Col Em Markets	774
Baillie Gifford Japan	940

Law Debenture Corporation



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

Int General

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Personal Assets	1107	1776	2357	-	3.2	1.8
Tribune	1167	1610	1755	15	4.8	2.0
Majedie	1139	1606	1781	13	3.7	2.9
Second Alliance	1212	1555	1814	13	4.7	2.8
Scottish Investment	1175	1554	1807	11	4.7	2.2
SECTOR AVERAGE	1118	1475	1760	-	4.6	2.6

Int Capital Growth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Jupiter Primadona Growth	1471	2903	3206	-16	7.3	1.1
British Assets Growth	1198	1820	-	21	5.1	-
RIT Capital Partners	1210	1738	2086	14	5.1	0.6
Anglo & Overseas	1202	1569	1830	10	4.4	2.0
Henderson Electric and General	1141	1564	1887	9	5.1	1.6
SECTOR AVERAGE	1037	1418	1612	-	5.2	1.8

Int Income Growth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
British Assets	1205	1588	1579	12	5.3	5.0
Securities Trust of Scotland	1019	1383	1537	18	4.7	4.7
Murray International	972	1277	1430	16	5.3	4.5
SECTOR AVERAGE	1076	1416	1515	-	5.1	4.7

Smaller Cos Int'l

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Herald	1221	1496	-	6	6.5	0.6
Henderson Strata	939	1357	1812	7	6.6	0.1
Henderson Smaller Companies	986	1156	1278	18	5.7	2.3
Foreign & Col Small Cos	1014	1062	1130	21	4.7	2.3
Mid Wynd International	889	1035	1210	26	4.2	2.6
SECTOR AVERAGE	903	1070	1342	-	6.1	2.0

UK General

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Fleming Claverhouse	1137	1925	2224	-2	5.0	2.1
Mercury Keystone	1129	1619	2371	-1	5.1	2.5
Investors Capital Growth	1096	1612	-	22	5.8	-
Edinburgh UK Tracker	1130	1591	2074	0	4.7	2.8
Foreign & Col Spec Util Units	1110	1560	1744	15	4.2	4.0
SECTOR AVERAGE	1101	1492	1839	-	4.6	3.3

UK Capital Growth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Ivory & Sime ISIS	1063	1731	1580	19	5.2	-
Kleinwort 2nd Endowment 2006	963	1495	-	5	2.8	-
Legal & General Recovery	1108	1435	-	17	4.4	2.5
Kleinwort Endowment Policy	1057	1409	1537	2	2.4	-
Broadgate	1101	1374	1619	20	4.6	1.6
SECTOR AVERAGE	1027	1341	1478	-	4.5	2.1

UK Inc Gth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Fleming Income & Capital Units	1245	1682	1809	5	3.1	4.8
Dunedin Income Growth	1220	1680	1885	7	4.9	3.5
City of London	1113	1651	1974	-3	4.8	3.5
Gartmore Sr Inc&Gth Units	1223	1644	-	-	3.3	3.8
Merchants	1260	1639	1823	5	5.1	4.7
SECTOR AVERAGE	1107	1411	1694	-	4.5	4.7

Smaller Cos UK

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Eaglet	1081	1387	1306	13	5.7	1.5
Gartmore Smaller Companies	911	1287	1632	13	6.9	2.8
Ivory & Sime UK Small Cos	869	1267	1610	20	6.8	3.1
Fleming Mercantile	902	1243	1359	15	5.7	4.3
NatWest Smaller Companies	855	1197	1506	13	6.7	3.0
SECTOR AVERAGE	884	1056	1234	-	5.8	3.1

High Income

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Aberdeen High Income	1490	1659	-	-2	6.0	8.7
Shires Income	1286	1753	1849	6	5.1	5.6
Glasgow Income	1229	1752	1884	6	5.1	5.3
Dartmoor	1357	1677	2185	-13	3.9	10.1
Aberdeen Convertible Income	1185	1609	1326	-2	5.5	8.0
SECTOR AVERAGE	1248	1605	1762	-	5.0	6.8

Venture & Devt Cap

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Foreign & Col Enterprise	1509	3206	4155	5	6.5	1.9
Candover	1175	1854	3098	-1	7.1	3.7
Mercury Grosvenor	1133	1777	1665	29	4.2	3.0
Mithras	1132	1687	-	27	4.0	7.4
NatWest Enterprise	1105	1617	1952	18	2.6	2.5
SECTOR AVERAGE	1052	1489	2018	-	5.0	3.3

North America

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Edinburgh US Tracker	1273	2046	2132	6	5.2	1.4
Fleming American	1105	1975	2037	10	5.1	0.5
US Smaller Companies	1109	1440	1756	12	6.8	-
Foreign & Col US Small Co	969	1242	1381	15	5.9	-
North Atlantic Small Cos	766	1194	1700	20	5.4	-
SECTOR AVERAGE	932	1438	1694	-	6.2	1.3

Europe

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Perpetual European	1513	2199	2203	1	7.0	0.5
Henderson EuroTrust Units	1391	2178	2105	4	6.2	1.0
TR European Growth	1182	2166	3344	-6	6.9	0.2
Charter European	1319	2044	2533	6	6.2	1.7
Gartmore European	1345	1986	2358	1	6.6	0.5
SECTOR AVERAGE	1268	1858	2142	-	6.5	0.8

Japan

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Baillie Gifford Japan	902	662	661	12	6.7	-
GT Japan	800	641	650	14	6.3	-
Schroder Japan Growth Fnd	809	621	-	10	8.4	-
Fleming Japanese	818	606	660	14	7.2	-
Edinburgh Japan	848	594	611	13	6.6	-
SECTOR AVERAGE	833	609	521	-	7.9	-

Far East inc Japan

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Henderson Far East Income	974	780	836	7	7.9	6.5
Martin Currie Pacific	865	734	786	22	7.7	2.8
Foreign & Col Pacific	939	666	772	18	7.3	2.3
SECTOR AVERAGE	936	720	799	-	7.7	4.5

Far East exc Japan, General

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Pacific Horizon	735	532	598	21	10.0	5.0
Hambros Smaller Asian Cos	661	507	-	28	12.6	0.7
Henderson TR Pacific	640	490	602	15	8.9	0.6
INVESCO Asia	773	490	-	20	10.2	2.0
Aberdeen New Dawn	741	471	475	20	8.7	2.2
SECTOR AVERAGE	709	438	464	-	10.2	1.7

Far East exc Japan, Single Country

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
New Zealand	582	493	634	20	7.9	4.6
Aberdeen New Thai	867	329	350	2	9.1	3.6
INVESCO Korea	828	269	308	17	14.9	-
Siam Selective Growth	705	269	295	24	10.6	-
Edinburgh Java	314	181	123	2	13.4	-
SECTOR AVERAGE	782	308	342	-	11.2	3.8

Emerging Markets

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Baring Emerging Europe	783	1826	-	26	12.8	-
Scudder Latin America	736	1079	-	20	11.2	1.0
Central Europe Growth Fnd	574	1006	-	26	11.5	-
F&C Latin American	609	875	554	25	13.5	-
Templeton Latin American	587	865	-	26	11.7	0.9
SECTOR AVERAGE	584	756	567	-	11.2	1.4

Closed End Funds

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Exeter Preferred Capital	1352	1582	1593	24	6.3	-
Capital Gearing	1099	1564	1754	5	2.7	0.1
INVESCO City & Commercial	992	1283	1259	22	5.6	5.1
London & St Lawrence	1144	1211	1453	19	3.2	4.9
Investment Tst of Inv Trusts	976	1106	-	17	4.4	-
SECTOR AVERAGE	1081	1297	1445	-	4.5	3.1

Property

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
TR Property	924	1589	1263	18	5.3	3.7
French Property	1241	1489	1284	26	5.3	2.1
Wigmore Property	861	1319	-	24	6.3	1.2
Trust of Property Shares	695	855	636	15	6.2	4.9
SECTOR AVERAGE	930	1313	1061	-	5.8	3.0

Split - Capital

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Jove Cap	3288	5044	5044	30	23.3	-
Fulcrum Cap	1542	2658	2525	20	12.8	-
Framlington Dual Cap	1000	2371	-	17	20.1	-
Fleming Income & Growth Cap	1233	2211	2419	23	6.5	-
Henderson American C&I Cap	1206	2154	2220	11	4.9	-
SECTOR AVERAGE	1312	1916	2177	-	9.5	1.3

Split - Inc & Residual Cap Shares

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Johnson Fry Utilities	2077	3215	3259	26	10.2	5.3
Johnson Fry European Utilities	1872	2858	-	22	8.0	3.7
Henderson EuroTrust	1503	2639	2386	9	8.5	1.3
SR Pan-European	1087	2272	-	18	8.7	1.9
Jupiter Extra Income	1226	1928	1628	12	5.4	7.7
SECTOR AVERAGE	1195	1660	1714	-	6.8	9.4

Split - Income

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Rights & Issues Inc	1342	2111	3065	-	5.6	6.2
M&G Recovery Inc	1533	1824	1876	-	5.8	30.6
Jove Inc	1267	1752	1907	-	3.4	11.4
Jupiter Geared Inc	1241	1638	1570	-	3.5	11.4
Foreign & Col Spec Util Inc	1172	1625	1507	-	3.5	8.7
SECTOR AVERAGE	1207	1437	1535	-	3.8	16.5

Split - Zero Dividend

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Gartmore Shared Eq Junior Zero	1096	1405	-	-	1.8	-
Johnson Fry European Util Zero	1105	1384	-	-	1.6	-
Henderson Geared Inc&Gth Zero	1140	1378	-	-	1.9	-
Henderson EuroTrust Zero	1105	1351	1561	-	1.8	-
Gartmore Brit Inc & Gth Zero	1109	1340	-	-	1.7	-
SECTOR AVERAGE	1075	1258	1441	-	1.5	-

Unit trust results allow for the spread between buying and selling prices and assume net income reinvested. Investment trust results are calculated on mid-market prices with net income reinvested. Volatility shows the standard deviation of monthly price movements for each fund over the past 3 years. A fund's standard deviation describes the way these movements are dispersed around its average and is a common measure of volatility. A low standard deviation means the monthly returns for a given fund show little variation and the volatility is relatively low. A high figure represents a more volatile performance. Yields are gross. Bank index refers to Lloyds Bank 90-day monthly account and relates to an investment of £10,000. Building Society figure relates to Halifax savings account holding less than £10,000. Investment trust discounts relate share prices to net asset value. A negative figure indicates the shares are at a premium to net asset value. Discounts/premiums are calculated on underlying net asset values supplied by BT Alex Brown International. *Currently in voluntary liquidation.

Glossary

Performance: Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future – they are merely a historic record. Trap 2: don't make minute comparisons of unit and investment trusts – the unit trust figures take account of the spread between buying and selling prices; the investment trust ones take mid-market prices in both cases. So comparisons flatter investment trusts.

Volatility: Shows the absolute variability of a trust's performance. As a rule of thumb, the more volatile a fund's progress, the higher the return investors demand from it to compensate for the additional risk. Unusually volatile funds should be avoided by anyone investing over the short or medium term or those who cannot afford big losses. But investors who can afford to take a long-term view may want to have some high risk/high reward trusts in their portfolio to spice it up.

Yield: Even this has traps for the unwary. Most unit trusts charge their management expenses against income, so the yield is net of expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, thus inflating the yield. Our managed funds pages identify those trusts which charge to capital. Investment trusts used all to charge expenses against income, but some now charge some against capital.

Peps: Some unit and investment trusts can be put into a general personal equity plan which shields investors against income and capital gains tax. The rules are that you can put £6,000 into a general Pep and a further £3,000 into a single company Pep. Up to £1,500 can be put into non-qualifying funds but to qualify for the full £6,000 allowance, at least half of a trust's assets must be in European Union shares or qualifying corporate bonds. Peps will be replaced with the individual savings account in April 1999, which has different rules, but existing Peps will continue to operate.

Discount: Investment trust shares traditionally sell for less than their underlying asset value. The gap between the two is known as the discount. In the 1974 bear market, discounts were as wide as 45 per cent and although they have mainly narrowed to well under 10 per cent in recent years, they add an additional uncertainty to investment trust share price prospects. The sharp narrowing of the discount is another reason why investment trusts look better than unit trusts on longer-term comparisons.

Split capital trusts: Caveat emptor. If you do not already know what they are, you would probably be wiser to avoid them. They are companies with more than one class of share capital. The traditional variety is relatively simple: income shares get all the income; capital shares get any capital growth over the life of the trust. But nowadays splits are highly complex with several different types of security with differing rights, and aimed to satisfy different investment needs.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

AUTHORISED INVESTMENT FUNDS -

Unit Trusts and OEICs

(Open-ended investment companies).

ABN AMRO Fund Managers Ltd (0800)F
82 Bishopsgate, London EC2N 4BN 0171-678 4600

	Init Charge	Selling Price	Buying Price	+ or -	Yield Grs
UK Growth	5	314.38	334.34	-3.66	1.61
Global Growth	6	97.28	103.47	-1.78	0.59
Growth & Income	5C	219.42d	233.43	-3.44	3.44
Equity Income	5C	144.45	152.95	-4.56	4.58
High Income	5C	55.06	58.57	+0.34	7.06

AIB Govett Unit Trusts Limited (1000)F
Shackleton House, 4 Battlebridge Lane, London SE1 2HR
0171-378 7979 Dealing 0171-407 7666

	Init Charge	Selling Price	Buying Price	+ or -	Yield Grs
AIB Govett Investments Fund (OEIC)					
American Smaller Cos Fd	0	94.44xd		+0.96	-
Pacific Fd	2	117.88		+1.83	-
Japan Index Tracking Fd	1	123.78		-2.34	-
Protected Funds					
UK Safeguard	5½	139.37	148.51	+0.09	-
[illegible]	[illegible]	133.80	135.00		-
UK Equity Safeguard Acc	5½	116.60	118.35	-1.44	2.02
[illegible]	[illegible]	107.25	107.25		-
Cash ♦	[illegible]	[illegible]	9.6594		0.25
US Equity Safeguard ♦	5½	82.04d	88.47	+0.14	-
Money Market Fd	5	100.63	101.28	+0.01	-
UK Growth Funds					
UK Equity General	5	399.57	420.76	+0.04	1.88
UK Small Co's	5½	78.83	82.17	-0.03	0.50
FTSE 250 Index	5½	100.55	107.55	-2.47	1.89
Geared UK Index	5½	21.872	23.080	+0.14	5.75
Income Funds					
Corporate Bond	3¼	84.15	87.80	+0.04	6.65
Monthly Income	5½	42.77xd	45.74	-0.54	7.18
International Funds					
American General	5	340.67	358.62	+5.00	0.17
American Strategy	5½	169.76	171.77	+3.37	-
European General	5	405.36d	429.00	-0.10	-
European Strategy	5½	176.62d	148.79	+3.40	-
Japan General	5	102.88	108.64	-0.45	-
Asia Pacific	5	80.02d	84.68	-0.38	1.09
Pacific Strategy	5½	82.87	88.41	+1.58	-
Greater China	5½	164.06	165.83	-2.04	-
Latin America	5½	67.45	72.13	+2.20	-
Intl Growth	5½	177.06	188.70	+2.57	0.11
Balanced Exempt	3	182.45	189.34		2.10
Global Strategy	5½	40.75	43.58	+0.74	-
Index & Bear Funds					
UK Bear ♦	5½	4.5500	4.7698		5.75
US Bear ♦	5½	3.7405	3.9598	-0.06	4.80
UK Index ♦	5½	17.472	18.444		5.75
JG US Index ♦	5½	26.298	27.803	+0.48	4.30

APAM Unit Trust Managers Limited (1200)F
28 Melville Street, Edinburgh EH3 7HA 0131 225 7300

	Init Charge	Selling Price	Buying Price	+ or -	Yield Grs
Artemis UK Growth	0	94.75	97.37	-	0.30
Artemis UK Smaller Companies	0	88.36	92.88	-	0.76

For AXA Assurance see AXA Sun Life Fd Mngs Ltd

AXA Sun Life Fund Managers Ltd (1400)F
PO Box 1810 Bristol BS99 5SN 01203 553231
Admin & Enq 0117 989 9000 Dealing 0171 [illegible]
AXA Equity & Law Unit Trusts

	Init Charge	Selling Price	Buying Price	+ or -	Yield Grs
Balanced Acc	6	77.99xd	82.87	-0.30	1.70
Balanced Inc	6	70.14xd	74.64	-0.30	1.70
Brit Excell	6	122.30d	130.10	+0.02	2.48
[illegible]	6	159.70	169.90	-0.50	4.13
[illegible]	6	99.05d	105.40	-0.30	4.13
Europe	6	[illegible]	524.80	-1.60	0.70

OFEX FACILITY

OFEX is an unregulated trading facility for share dealing in unquoted companies which is operated by J P Jenkins Limited in association with Newstrack Limited, a sister company.
The middle market prices shown below are only an indication of value. Shares traded on OFEX should be considered high risk investments. Private investors must deal through a stockbroker which is regulated by the Securities and Futures Authority.

* Other classes of share available.

Prices [illegible] at 04:37 pm 06 November 1998. PLEASE NOTE THAT BY CHOICE NOT ALL OFEX-TRADED COMPANIES ARE REPRESENTED IN THE ABOVE BOX. Notes to information above: "A" denotes that Newstrack has published an announcement on behalf of that particular OFEX company today. "D" denotes that the company is engaged in a takeover situation. "S" denotes that a particular company is currently suspended and the market maker at J P Jenkins Ltd are therefore not making a price in the stock at the present time. "XC", "XD" & "XR" denote the usual stock events (ie ex-cap, ex-div and ex-rights). All price information is in pence. The 'high' and 'low' figures are calculated from 01/01/98 and take account of any subsequent capital restructuring (eg bonus issues, rights issues). OFEX is a registered trademark of S J & S Holdings Ltd, the parent company to J P Jenkins Ltd. The latter is a London Stock Exchange member firm and as such regulated by the Securities and Futures Authority Limited. For further information about OFEX please contact the Newstrack office on 0171 [illegible] or look at our web site which can be found at http://www.ofex.co.uk. Additional data & news also available in the OFEX MONTHLY REVIEW. Price information cannot be given out on the telephone - private investors must use their stockbroker. Prices quoted in this advertisement have been provided by J P Jenkins Ltd.

EASDAQ

The EASDAQ All Share Index (EASI) for 6th November: 750.54 up 0.78% Day's high 750.88 Day's low 745.07

The EASDAQ [illegible] independent pan-European Stock Market focused on high growth companies with international aspirations. The shares of [illegible] EASDAQ Stock Market can be bought and sold through EASDAQ Members.

Company	Mid price	Change on day	Volume	High	Low
ICOS Vision Syst	USD14	-0.125	1400	20.875	11.525
Innogenetics	USD50.25	+0.25	45000	74	9.875
Integr Surg Syst	DEM7.3		0	12.7	4.5
Lernout & Hauspie	USD41.375	-0.875	47332	65.25	12.125
Memas	USD11.8125	+0.375	95785	20.0625	7.375
Mercer Int'l ♦	USD6.375	+0.375	2000	12.875	5.75
NTL	USD48.5	+0.875	0	63.75	28.5
Optos Int'l	USD47.375	+0.25	[illegible]	67.63	[illegible]
OptiMedia Inc ♦	USD7.75		[illegible]	11.625	7.5
Panid Racing Syst	ATS3600	+80	100	5150	2985
Phenomix	NLG19	+3.25	115664	38.5	15.75
PolyTech ♦	USD7.9	-0.06	12500	7.625	2.125
Royal Olympic	USD4.75	-0.125	0	18.5	2.375
S&T Syst Integral	ATS1980	+12	787	4155	1813
Schoeller-Bleckmann ♦	ATS818	+15	[illegible]	1750	758
TelDaFax	DEM51.63	+0.38	55	68.25	54.75
Topcall Int'l ♦	ATS3593	+3	[illegible]	5025	627
Turbodyne Technol ♦	USD5.25	-0.08	1885	16.63	2.1

♦ marked in this box [illegible]

Guide to pricing of Authorised Investment Funds

Compiled with the assistance of AUTIF §§

All funds within this section, whether OEICs or unit trusts are authorised in the UK by the Financial Services Authority

The prices quoted should only be used as a guide.

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure

Share Classes: Separate classes of share are denoted by a letter or number after the name of the fund. Different share classes are issued to reflect a different currency, charging structure or type of holder.

Initial charge: Charges made by a unit trust manager/operator to the buyer. Used to defray marketing and administrative costs, including commission paid to intermediaries. For unit trusts this charge is included in the buying price of units. For OEICs see "OEIC Single Price".

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

OEIC Single Price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC are the same. Manager's/operator's initial charges are shown separately.

Treatment of manager's periodic charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

Time: The time shown alongside the fund manager's/operator's name is the time of the unit trust's/OEIC's valuation point unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

The symbols are as follows: (♦) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

Pricing

Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time.

Forward pricing: The letter F denotes that the managers/operators deal at the price to be set at the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators.

Scheme particulars, key features and reports: The most recent report, scheme particulars and key features document may be obtained free of charge from fund managers/operators.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Association of Unit Trusts and Investment Funds,
65 Kingsway,
London, WC2B 6TD.
Tel: 0171-831-0898.

The fund prices published in this edition are also available at the Financial Times' web site, http://www.FT.com

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Pearl Unit Trusts Ltd (1000)F

Save & Prosper Group (1200)F

Schroder Unit Trusts Ltd (1400)F

Standard Life Fund Mngmt Ltd (0730)F

Threadneedle Investments - Contd.

Tilney Unit Trust Management Ltd (1000)F

United Friendly Unit Trt Mngrs Ltd (1200)F

Lazard Unit Trust Managers Ltd ‡

Local Authorities Mutual Invest. Tst.*

M & G Securities Ltd

Morgan Brandt Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

NatWest Investment Management Ltd

Phillips & Drew Unit Managers Ltd

Abbey Life Assurance Co Ltd - Contd.

Abbey National Life Plc

AEGON Life Assurance Co (UK) Ltd

Canada Life - Contd.

Clerical Medical/Fidelity Investments

Clerical Medical Inv Group Ltd

Century Life Plc

Eagle Star Life Assurance Co Ltd

Equitable Life Assurance Society

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Colonial

Direct Line Life Insurance Company Limited

Eurolife Assurance Company Ltd

Guardian Life (GU) Ltd

Norwich Union Tst Managers (1200)F

National Australia Trust Mgt Co Ltd (1000)F

Nationwide Unit Trust Managers Ltd (1200)F

Northern Unit Trust Managers (1200)F

Old Mutual Fund Managers Ltd (1200)F

Newton Fund Mngrs Ltd (1200)F

NFU Mutual Unit Mngrs Ltd (1400)F

NPI Investment Managers (1200)F

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Premier Portfolio Managers Ltd (1200)F

Principal Unit Trust Mngmt Ltd (1600)F

Prudential Unit Trusts Ltd (1200)F

Quilter Fund Management Ltd (1100)F

Reliance Unit Mngrs. Ltd (1000)F

Rothschild Fund Management (1000)F

Royal Bank of Scotland UT Mngmt Ltd (1200)F

Royal London Unit Tst Mngrs Ltd (2200)F

St James's Place UT Group Ltd (1200)F

Sarasin Unit Trust Managers Ltd (1000)F

Scottish Mutual Inv Mngrs Ltd (1000)F

Scottish Widows' Fund Mngmt (0600)F

Sun Life of Canada Unit Mngrs Ltd (1200)F

Tendon Unit Trust Managers Ltd (1400)F

Thorntons Unit Trust Mngrs Ltd (1400)F

Tomorrow's Investment Services

T.B. Fund Managers Limited (1200)F

Tyndall Hedgehog Unit Tst Mngrs Ltd

Virgin Direct PFS Ltd (1700)F

Wesleyan Unit Trust Managers Ltd (1200)F

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Money Market Trust Funds

Money Market Bank Accounts

● NOTES
Gross: Declared rate of interest payable, not taking account of the deduction of basic rate income tax.
Net: Rate of interest payable after allowing for deduction of basic rate income tax.
Gross CAR: Gross rate notional rate taking account of compounding of interest paid other than once a year. 'Compounded Annual Rate'
Int Cnt: Frequency at which interest is credited to the account.

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Jupiter Asset Management (Bermuda) Ltd
Newport Investment Management
Orion Fund Limited

BERMUDA (REGULATED)(**)

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Butterfield Funds
Credit Lyonnais Rouse (Bermuda) Ltd
Frankington Investment Mgmt (Bermuda) Ltd
Integral Management International Ltd
McKinley Offshore Management Ltd
Meridian Capital Management (Bermuda) Ltd
M.C.L. Investments Limited
Orbis Investment Management Ltd
Phile Smith & Co
Wind West Investment Funds

CAYMAN ISLANDS (REGULATED)(**)

Adelphi Europe Fund
Africa Emerging Markets Fund
Allegro Capital Limited
Alesia Capital Management Ltd
Asian Convertibles & Income Fd (Cayman)
Atlas Real Estate Hedge Fund Limited
Bank of America
Bank of Nova Scotia Trust Co (Cayman) Ltd
Baring Mutual (Ireland) Limited
Bayard Partners Limited
Beaufort Capital Management
Belgrave Capital Management
Bozzano, Simonsen Latin American Fund
Brown Simpson Asset Mgmnt
Brunswick Capital Management (Cayman) Ltd
Butterfield Fund Managers (Cayman) Ltd
Caspian Quantitative Asst Mngt Advsr LLC
Century Investment Fund Limited
The China Fund
Coutts & Co Ag
Craig Drill Capital Ltd
Deutsche Bank A.G.
Discover Investment
Dragon Securities Ltd
Dublin & Swiss
Falcon Fund International Inc
Fairstein Capital Management Corporation
Fides Asset Management Ltd
Formosa Growth Fund Limited
Franklington Group Plc
Franck Asset Management
GA – Rate Management Limited
Gale Currency Funds
Glaxo Capital Limited
Global Fund Management S.A.
Grossman Asset Management
Guardian Global Asset Management Ltd
IBJ Schroder Bank & Trust Company
IBJ Schroder Overseas Fund II
ImPac Asia Pacific Funds Limited
The International Investor
Kingdon Offshore N.V.
Korea Intl Investment Fund
Korea International Investment Fund Ltd (II)
Korea International Investment Fund Ltd (III)
Korea International Investment Fund Ltd (IV)
Korea International Investment Fund Ltd (V)
Korea International Investment Fund Ltd (VI)
Korea International Investment Fund Ltd (VII)
Korea International Investment Fund Ltd (VIII)
Lewco Alternative Fund Ltd
Liberal Asset Management – LIBERAL FUND
MBI Unit Trust Managers Limited
MFS Meridian Funds
Marshall Wace Asset Management Limited
Montgomery Emerging Markets Fund Ltd
Morgan Stanley Dfs Advisory Mortgage Fd Inc
National Investment Trust Company Ltd
North Atlantic Management Co Ltd
Olympus Capital Management Ltd
Omega Overseas Partners Ltd
Opportunity Fund (c)
Orion Capital Advisors Ltd
The Osprey Group Of Funds
Pacific & General Investments Inc
Pakistan Fund
Paulson International Ltd
Perry Partners International Inc
Philippine Income Fund Inc
Pro Value AG
Prospector Fund Management Ltd
Prudential Securities Futures Mgmt, Inc
Putnam Offshore Funds
Renaissance Capital Asset Management Ltd
Richmond Capital Limited
Richmond Europe Fund
Russia Value Fund LP
SEI Global Management (Cayman) Inc
Secured Profits Fund Limited
Sierra Global Management PLC
Sloane Robinson Investment Mngmt Ltd
Sofaer Capital Inc
Sphere Ltd
Strome Offshore Limited
Strome Subsidiaries Investment Management LP
Sulzer Finance Corporation
Swiss Finance Global Funds
Taipei Fund
Tallmann Capital Inc
Third Point Management Company LLC
UBS Private Investor Funds
Vantage Investment Management Ltd
Virtuous Circle Limited
Wharton Capital Investment Management Ltd
Zanett Lombardier Ltd

GUERNSEY (FSA RECOGNISED)

Drescher RCM Global Investors (Guernsey) Ltd
Guinness Flight Fd Mngrs (Guernsey) Ltd (2400)F
Lazard Fund Managers (C.I.) Ltd
Lloyds Intl Money Market Fund Ltd
M & G (Guernsey) Ltd
Prudential Fund Managers (Guernsey) Ltd
Rothschild Asset Management (CI) Ltd

GUERNSEY (REGULATED)(**)

Royal Bk of Canada O/S Fd Mgrs Ltd
Sarasin Funds Mngmt (Guernsey) Ltd
Schroder Investment Mngmt (Guernsey) Ltd
ANZ Mngmt Co (Guernsey) Ltd
Alexander Alpha Inv Mgmt (Guernsey) Ltd
Apollo Investment Management Ltd
BFIT Investment Services Limited
Barclays Global Investors Guernsey Ltd
Butterfield Fund Managers (Guernsey) Ltd
CIBC Fund Managers (Guernsey) Ltd
Charlden Investment Mgt (Guernsey) Limited
Collins Stewart Asset Management Ltd
Commercial Union Captives Inv Mngt
Dexcourt Nier Investment (Guernsey) Ltd
Gerrards (Channel Islands) Limited
Credit Suisse Asset Mngt (Guernsey) Ltd
Dentrust Management (Guernsey) Ltd
Delphi Asset Mgmt Ltd/Delphi Global
Dresdner RCM Global Investors (Guernsey) Ltd
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NSM (Guernsey) Ltd
Next Century Partners Limited
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Paragon Asset Management Ltd
Port Fund Managers/Select Global Strategies
Private Fund Managers (Guernsey) Limited
River & Mercantile International Limited
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Royal Bank of Canada Strategic Ratchet Fund
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IRELAND (FSA RECOGNISED)

AIB Fund Management Ltd

IRELAND (REGULATED)(**)

AIB Fund Management Ltd
AIB Asset Management Ltd
AIB Capital Funds Plc (c)
Aeil Global Management Company Limited
AIBIS Management Limited
AGH International Funds Plc
ABN AMRO Global Liquidity Funds Plc (c)
Aberdeen Prudific International Fund Plc
BT Fund Managers (Ireland) Ltd (c)
Global Asset Management
Bank of Cyprus Group
Baring International Fund Managers (Ireland) Ltd
Guinness Flight Select Funds Plc
The Hotel Mutual Investment Company Plc
Fleming Fund Managers (CI) Ltd
Dublin Europe Fund Mngrs Ireland Ltd
Dresdner Kleinwort Benson Int Mgt Services Ltd
Morgan Grenfell Investment Funds Ltd (c)
Lehman Brothers/ELO Partners Asset Mngmt
Fidelity Investment Funds Ltd
Fleming Global Investment Funds Plc
Foreign & Colonial Emerging Markets Ltd
Formosa High Tech Fund
Franklington Investment Mgmt (Ireland) Ltd
Frank Russell Investments (Ireland) Ltd
Fresh Korea Fund
Fuji Investment Management Co (Europe) Ltd
GE Financial Fund Management Ltd
Global Financials Fd Plc
GT Global
Garfunkel Korea Fund Plc
Global Euro-Asia Investment
Global Resources Stock Fund
The Golden Gate Fund Plc
Goldman Sachs
Gordon House Asset Management Ltd
HSBC Asset Management
Hanson Ireland Ltd
Abbey National Dublin Investment Fund Plc
Abbey National Dublin Investment Fd II Plc
Abbey National Dublin Investment Fund III Plc
Aberdeen Prudific Umbrella Cash Fund Plc
Amadeus Capital Vision Plc
Asia Dynamic Growth Fund Plc
Asia Small Cos Growth Fund (c)
Asian Growth Fund Plc
Asset Korea Fund
Asset Universal Ltd
Atlantic Korean Smaller Companies Fund
BAS-EX Management SA
BTMT Asset Management (Ireland) Ltd
BZW Secured Equity Fund II Plc
Bank of Ireland Unit Managers Ltd
Barclays Global Investors Ireland Ltd
Baring International Fd Mgrs (Ireland) Ltd
Baring Mutual (Ireland) Ltd
Bear Stearns Asset Mgt (Ireland) Ltd
Blackstone Franks Managers Ireland Ltd
Bordier Invest (Ireland) Ltd
Calypso Fund
Cazenove International Fund Plc
Chemical Ireland Fund Administrators Ltd
CIO Investment Fund (Ireland)
Citizens Investment Trust Mngt Company
City of London Investment Mgmt Co. Ltd
DMG International Fund
Deutsa Europe Fund Mgrs Ireland Ltd
Dragon Korea Fund Plc
Dresdner (Kleinwort Benson Int Mgt Srv)
EBI Voyager Fund Plc
Eagle Star European Life Assurance Co Ltd
Edgehill Select Group
Egerton Capital European Fund Plc
Emerging World Asset Management
F.I.T. Investment Trust Ltd (c)
FIF Forex Trading & Finance SA
Fedsure International Global Funds
Fidelity Institutional Cash Fund PLC
Finsbury Global Investment Funds Plc
Foreign & Colonial Emerging Markets Ltd
Formosa High Tech Fund
Franklington Investment Mgmt (Ireland) Ltd
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Stager & Friedlander Inv Funds Ltd (c)
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Irish Life International Global Funds Plc
John Hancock Funds Plc
Hanaal Korea Venture Fund
Haussmann International Fund Plc (c)
Investec Asset Management (Ireland) Ltd
INVESTORS Fund Services (Ireland) Ltd
Julius Baer Ireland Global Umbrella Fund Plc
Kim Europe Worldwide Fund
Kime Far East Fund Plc
Korea Active
Korea Bond Fund Plc
Korea Capital Growth Fund
Korea Open Fund
Korea Special Opportunities Fund Plc
Korean Power Fund
Korean Preferred Share Fund
Lazard Investment Funds Ltd
Legal & General (Pfdlio Mgmt Services) Ltd
Legg Mason
Lehman Bros/GLS Partners Asset Mgmt Ltd (c)
Loomis Sayles International Funds Plc
Lotus Fund Plc
Marsilios Asset Management (Ireland) Ltd (c)
Merrill Singer Investment Funds Plc
Mediolanum International Funds Ltd
Morgan Grenfell Cash & Money Market Plc
Morgan Grenfell eurodynamics Funds Plc
Morgan Grenfell Fixed Income Funds Plc
Morgan Grenfell Protocols Plc
MPI Asset Management Limited
Nicholas-Applegate Capital Management
The Northern Trust Global Cash Funds Plc
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Omega Trust Umbrella Fund Plc
Oppenheimer Millennium Funds Plc
PIMCO Global Advisors (Ireland) Ltd
Paine Webber Offshore Funds Plc (c) (c)
Pareto Partners Umbrella Fund Plc
Parlias Asset Management (Ireland) Ltd
Parlias Multi-Manager Global Fund Plc
Pioneer Management (Ireland) Ltd
Premier Protected Assets Fund Plc
Prudential Securities Futures Mgmt Inc
Putnam World Trust
RMB Global Fund
Rothschild Asset Management (Ireland) Ltd
J. Rothschild International Assce plc
SBC Traded Endowment Fund Plc
SEI Global Master Fund – Institutional Class
SEI Global Master Fund – Investor Class
The Sagitta Fund Plc
Salomon Brothers Asset Management
Saudi International Inv Co Plc
Schroder Investment Management (Ireland) Ltd
Scottish Amicable European/International
Scottish Mutual Intl Fund Managers Ltd
Selfirm Investment Mngt (Ireland) Ltd
Short-Term Investments Co (Global Series) Plc
Singer & Friedlander Closed Funds Plc
Skandia Select Fund Plc
State Street Global Advisors Limited
Super Phoenix Fund
Super Phoenix Fund II
The Total Umbrella Fund
US Value Investment Company Plc
Ulster Bank Investment Services
The Wanger Investment Company PLC
Warburg Pincus Funds Plc
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Yuki Korea Fund
Yuki Taiwan Fund

ISLE OF MAN (FSA RECOGNISED)

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Allied Dunbar Intl Fund Mgrs (1600)F
Ashburton Global Funds Ltd
Bank of Ireland Asset Mngmt (IOM) Ltd
Irish Permanent Fund Managers (IoM) Ltd
Mercury Fund Managers Intl Ltd
Old Mutual Intl Fd Managers (Isle of Man) Ltd
Quilter Intl Mngt (IoM) Ltd
Sun Life Management (IoM) Ltd
Ulster Bank Global Funds Plc
The Wanger Investment Company PLC

ISLE OF MAN (REGULATED)(**)

BOE International Asset Management (IoM) Ltd
City Financial Admin (IoM) Ltd
Neville James Fund Managers Limited
Old Mutual Intl Fd Managers (Isle of Man) Ltd
RMB Fund Managers Ltd
Sylvesta International Fund Management Ltd

JERSEY (FSA RECOGNISED)

AIB Fund Managers (CI) Ltd
AIB Govett (Channel Islands) Limited (1000)F
Berkshire International Funds
Gartmore Fund Managers Intl Ltd (c)
NM Sousal Fund Mgrs (Jsy) Ltd (1000)F
Lloyds Bank (CI) U/T Mgrs.
Lloyds TSB Fund Managers (CI) Ltd
Midland Bank Fund Managers (Jersey) Ltd
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LONDON STOCK EXCHANGE

Wind-blown equities hold course on rising tide

MARKETS REPORT

By Peter John

Storm-tossed traders looking forward to a break had to endure the stock market equivalent of the "Channel chops" before they could leave for the weekend.

Dealers had already seen a week that contained two rises of more than 80 points followed by a 143-point surprise blow-off on Thursday, when the Bank of England announced a half-point cut in interest rates.

Yesterday, although Footsie appeared to be set fair with an early rise of almost 100 points in the first hour of trading, it backed slowly to record a loss of 8 points ahead of the US market opening.

As the afternoon progressed, the swings became tighter and more volatile until, shortly before the UK close, it became impossible to predict whether the market would end up or down.

In the event, Footsie recorded a net rise of 11.2 at 5,491.0, a gain of 53 points on the week. The positive feel was reflected right down the scale with the FTSE 250 index adding 13.3 at 4,942.1 and the SmallCap rising 5.7 at 2,066.7.

That late splashing around highlighted the debate between the corporate fundamentalists and the global bulls. Strategists taking the first view cited this week's grim figures from Shell Transport, Cookson and Marks and Spencer, which covered every aspect of the economy from the manufacturer to the consumer.

They said the figures were a taste of more to come and, if Thursday's rate cut was the last before Christmas, earnings would be the principal factor in investors' decision-making.

On the other hand, the macro-economic bulls focused on dramatic rises in Asian markets during October. One senior sales trader said: "Indonesia rose by 64 per cent, Thailand 60 per cent and the Philippines 48 per cent.

"Those were the markets that got us into this mess. If they can stage this kind of recovery where does it lead us. Asian crisis, what crisis?"

Furthermore, Wall Street was biased towards an equity-based rally late yesterday with stocks building on previous gains and bonds drifting lower.

Richard Kersley, strategist at CSFB said: "If interest rates are not going to be the big news, we know what we are going to get and that is bad news from companies. But my own view is that rates are going down and no profit-taking will last that long. We look for rates to fall towards 5.5 per cent in a year."

Dealers added that overseas buying remained in evidence in spite of the lower currency returns because of the interest rate cut.

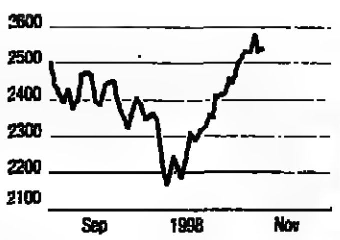
Yet another view comes from Richard Jeffrey, a strategist at Charterhouse Tilney and noted bear, who believes that rates could soon be turning higher once again.

"Half-point cuts at the moment may seem attractive but they are only buying time," he says.

Volume of 867.1m shares by 6pm was relatively strong.

Marketmakers said there was genuine two-way business with buying seen right through the market.

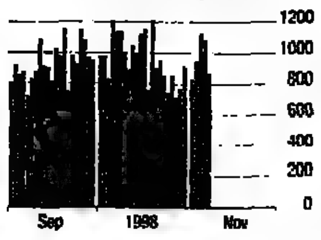
FTSE All-Share index



Sources: FTSE International/Topic

Equity shares traded

Turnover by volume (million)



Indices and ratios		
FTSE 250	4942.1	+13.3
FTSE 350	2625.2	+5.7
FTSE All-Share	2538.22	+5.52
FTSE All-Share yield	3.09	3.10
FT 30	3347.4	+14.9
FTSE Non-Fins p/e	21.23	21.18
FTSE 100 Fut Dec	5530.0	+25.0
10 yr Gilt yield	5.20	5.08
Long gilt/equity yld ratio	1.68	1.63

FTSE 100 Index	
Closing index Nov 6	5491.0
Change over week	+52.6
Nov 5	5479.8
Nov 4	5622.9
Nov 3	5503.9
Nov 2	5525.5
High*	5645.1
Low*	5397.0

*Intra-day high and low for week.

TRADING VOLUME IN MAJOR STOCKS

	Vol. 000s	Closing price	Day's change
3i	390	525	+2
AMVESCAP	1,100	456	+5
ASDA Group	13,800	163½	+7
Abbey National	2,200	1156	-32
Alliance & Leicester	896	889	+9
Allied Domecq	3,400	535½	-½
Allied Zurich	3,700	724	+7
Anglian Water†	778	865	+8
Assoc. Brit. Foods	849	570	-4
BAA	1,200	649	-½
BOC	1,400	870	-5
BG	5,300	403	+1½
BP	20,800	913	-1
BSkyB	1,600	475	+3
BT	7,600	804½	-7½
BTR	8,600	111	-1
Bank of Scotland	3,200	820	+18
Barclays	6,300	1235	-44
Bass	3,800	748	-8
Billiton	8,500	140½	-1½
Boots	2,200	962	+14
Britannic Assurance†	36	1280	-10
Brit. Aerospace	7,500	463½	-10½
British Airways	6,000	405	-6
Brit. Amer. Tobacco	3,800	490	-5
British Energy	1,800	554	-4½
British Land	2,400	522	+39½
CGU	1,300	920	+1
CMG†	193	1880	+2
COLT Telecom	1,800	720	+30
Cable & Wireless	3,700	640	+18
Cadbury Schweppes	1,300	903	+11
Carlton Comms.	1,800	448	
Centrica	18,200	112	+4½
Compass	410	626	+13
Diageo	2,500	623½	+11½
EMI	2,800	363½	+5½
[illegible]	3,600	631½	-21½
Foreign & Col I T	786	183	-½
General Electric	4,200	456	-19
Gallaher†	359	433	+5½
Glaxo Wellcome	7,000	1830	+8
Granada	2,000	876	-14
GUS	1,900	650	-5
GRE	3,000	292	+½
GKN	1,500	732	-3
HSBC (75p shs)	3,100	1482	-30
HSBC (HK$10)	1,800	1413	-21
Halifax	7,800	846	-2
Hays	774	555	+12
ICI	2,300	590	+2
Imperial Tobacco†	976	645	
Kingfisher	2,200	539	-9
Ladbroke	3,000	236	+1
Land Securities	1,300	855	+26

	Vol. 000s	Closing price	Day's change
Legal & General	2,000	683	-12
Lloyds TSB	8,000	808	+½
LucasVarity	4,800	208½	-1½
Marks & Spencer	8,800	410	+2½
Misys	1,900	444	-3
NatWest Bank	3,300	985	+18
National Grid	4,200	412	-3
National Power	6,800	535½	+8½
Norwich Union	5,200	419	+10½
Nycomed Amersham	1,700	408	+6
Orange	2,000	615	+15
Pearson	989	1038	+18
P & O	442	624½	
PowerGen	1,700	835	-18
Prudential	3,300	829	+7
Railtrack	1,900	1643	+23
Reckitt & Colman	406	1003½	-4½
Reed Intl.	3,800	500	-1½
Rentokil Initial	2,900	257	-2
Reuters	4,500	586	+11
Rio Tinto	1,300	758	+11
Rolls Royce	11,200	237	-4
Royal & Sun Alliance	11,500	501	+8½
Royal Bank Scotland	1,800	888	+33
Safeway	2,300	294	+4
Sainsbury	2,700	550	+18½
Schroders	287	1180	-17
Schroders N/V	85	964	+44
Scottish & Newcastle	778	724	-1
Scottish Power	8,800	622	+8½
Securicor	588	498	+15½
Sema	1,800	588	+24
Severn Trent	847	1006	+4
Shell Transport	21,000	350	-4½
Siebe	14,100	209	-4
SmithKline Beecham	8,000	735	-10
Smiths Inds	1,400	835	+15
Southern Electric	857	526½	+8
Stagecoach	1,200	227	+6
Standard Chartered	4,200	639	-51
Sun Life & Provincial	285	515	+20
TeleWest Comms.	3,000	135	-5
Tesco	19,500	176	+6
Thames Water	382	1108	-1
Tomkins	3,300	290½	+3½
Unilever	13,000	608	+19
Utd. News & Media	1,500	636	
United Utilities	888	851	-1
Vodafone	4,300	834	+4
WPP	1,900	340½	+20½
Whitbread	749	798	-32
Williams	1,400	391½	+8½
Woolwich	2,300	357½	-2½
Zeneca	1,000	2303	+77

Based on trading volumes for the FTSE 100 constituent companies and reserves yesterday until 4.30pm. † Indicates a FTSE 100 index reserve. All figures are rounded. Source: Extel, part of FT Information.

EQUITY FUTURES AND OPTIONS TRADING

An unusual trade in British Biotech was one of the largest in stock options yesterday, *writes Martin Brice*.

The trade appeared to be bullish for the stock, although since the shares have fallen from 271p last year and touched 145p earlier this year, they may not have much further to drop. Yesterday they closed at 43½p.

The trade involved the purchase of 1,000 lots of the December 45p calls, for 2½p. Volume of 1.5m in the stock suggested that the options trade might have been backed by deals in the shares.

A total of 1,010 lots in BP showed the continued interest in both the stock during the merger and the use of options by institutional investors to hedge positions in the cash market.

The December FTSE 100 future opened at 5,580, presaging an early rise in the cash market. Settlement was at 5,530, 39 over cash and very close to fair value.

FTSE 100 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	5580.0	5530.0	+25.0	5622.0	5495.0	26224	198323
Mar	5620.0	5575.0	+25.0	5659.0	5537.0	118	12532
Jun	5610.0	[illegible]	[illegible]	5610.0	[illegible]	650	8790

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		4955.0	+19.0			0	6526

FTSE 100 INDEX OPTION (LIFFE) (*5478) £10 per full index point Nov 6

	5300 C	5300 P	5350 C	5350 P	5400 C	5400 P	5450 C	5450 P	5500 C	5500 P	5550 C	5550 P	5600 C	5600 P	5650 C	5650 P
Nov	289	55	222	89	187	83	155	101	106½	122½	86	145	77½	174½	57	204½
Dec	367	143	330	155½	297	173½	267½	193½	238	214	208½	234½	180	254½	160½	284½
Jan	441	194½	407	209½	378½	230½	346½	249	318	267½	360½	286½	329½	308	301½	331
Feb	515	254	484	272½	466	291	422	310	391	329	358½	348	328½	368	301½	391
Jun†	788	405½			642	441½			599½	477½			519	514½		

Calls n/a Puts n/a

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point Nov 6

	5325 C	5325 P	5375 C	5375 P	5425 C	5425 P	5475 C	5475 P	5525 C	5525 P	5575 C	5575 P	5625 C	5625 P	5675 C	5675 P
Nov	241½	63	205	78	171½	93	140	111	112	133	87	158	67	187½	49	219½
Dec	348½	145½	315½	161½	283½	178	248½	194	218	213	190½	235½	167	261	144	287½
Jan	409	205	385	220	362	236½	329	238	305	260½	269	292	242½	314½	220½	342
Mar	546½	305			486½	339			429½	372			382½	411½		
Jun†	678	385½			618½	431			562½	471			507½	512		

Calls n/a Puts n/a * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

Link talk lifts Pru and Halifax

COMPANIES REPORT

By Joel Kibazo, Martin Brice and Christopher Brown-Humes

A press report reignited speculation about a merger between between life assurance group **Prudential Corporation** and retail bank **Halifax**, but market specialists dismissed talk of an imminent union.

The report said Prudential was lining up a £36bn pound deal with the former building society to create one of the UK's biggest financial institutions and that soundings had already been taken at both groups.

Dealers initially rushed to acquire stock in both groups sending Halifax to a session peak of 885p, while Prudential hit a day's high of 842p.

However, scepticism set in later in the session as specialists noted that Sir Peter Davis, the Pru's chief executive, was abroad and Halifax would not be buying back its own shares if a deal was in the offing.

There was also a surprise at the timing, given that James Crosby, chief executive-designate at Halifax, will not take over the position until January. One authoritative source said there had been "no talks" between the companies. But analysts said a merger could still make sense in the future.

Both companies' shares retreated from their initial highs. Halifax ended 2 lower at 845p with 7.6m dealt by the close, while the Pru closed 7 up at 829p.

Industrial group **Cookson** showed the worst was not yet over for many of the MidCap industrials and prompted nervous ripples throughout manufacturers.

Cookson's trading update took its toll across a range of engineering-related stocks as it unveiled a litany of troubles stemming from global economic slowdown. It talked of a decline in orders, a fall in steel production that hit its ceramics business, telecommunications project delays and cancellations, and trading conditions that remained "difficult".

Its shares fell 10 per cent, or 13 to 120p. This was the worst performance in the FTSE 250 amid the heaviest volume in that index: 10m shares were traded.

At these levels, the shares stand at just 9 times next year's earnings forecasts. The negative sentiment spread to similar stocks: **Johnson Matthey** was down 14 at 347½p and **Morgan Crucible** dropped 10 to 326½p.

The trading update prompted a raft of downgrades, with estimates for this year, that had previously stood at about £157m, coming down to £145m-£150m.

Industrials update

However, Geoff Allum at Henderson Crosthwaite downgraded his forecast a month ago to £150m for this year and to £125m for next. He said yesterday's trading update came as no surprise and added: "At these prices there is upside in the stock, and we are happy to be buyers at these levels."

Cookson's management has been saying privately for some time shares in the specialist industrial group are undervalued. The stock has fallen from 279p earlier this year to 85p before recovering as buyers came in at the lowest levels. A measure of the stock's fall from grace can be gauged by its historic price/earnings ratio, which has fallen from 15 times to just 6.4.

Turnover of 21m made **Shell Transport** the busiest stock in the FTSE 100 as the market registered its disappointment at the group's third-quarter figures published on Thursday. The shares lost 4½ to 350p.

Brokers continued to reduce profit expectations for the full year and several downgraded their stance on the stock. Alan Sinclair at Charterhouse Tilney reduced his recommendation on the stock from "reduce" to "sell".

He slashed full-year profit expectations for Royal Dutch/ Shell by $1bn to $5.5bn. He said: "The outlook in the operating environment remains extremely slow and Shell appears to have very little room for manoeuvre." He advised clients wishing to invest in integrated oil companies to switch into BP, a penny lighter at 913p. Volume was 20m.

Parity, supplier of contract staff to the information technology industry, moved to limit the damage to its share price following the profits warning from Lorien on Thursday.

Parity was up 21 at 410p after it reassured investors by saying that it continued to trade well. It seemed to contradict Lorien's experience when it said: "We continue to see a good market for our services across all our UK, continental European and US businesses."

Lorien was unchanged at 124p after its 23 per cent fall on Wednesday following its warning.

Continued takeover speculation triggered a squeeze in **Royal Bank of Scotland**. It gained 33 to 888p. Demand has been boosted in the last two sessions by a broker "buy" note.

Standard Chartered ended the day with the dubious honour of being the worst performer in the FTSE 100. The shares surrendered 51 or 7.39 per cent to 639p with the availability of a large line of stock blamed for decline.

British Land was the best performing stock in the FTSE 100. Warburg Dillon Read was said to have recommended the shares. Traders indicated Warburg had highlighted the attractions of the stock after its recent sharp falls. The shares gained 39½ to 522p.

Aim-traded telecommunications company **Fibernet** was prompted by a rise in its shares to announce that it had appointed Singer & Friedlander to look into the possibility of an alliance with a larger company that could lead to an offer. The stock closed up 69 at 378½p.

MAIN MOVERS

FTSE 350	Close price	Day's change	Day's chge %
RISES			
[illegible]	54	+5	+10.2
PIC International	74	+6½	+9.6
Mirror Group	159	+12½	+8.5
British Land	522	+39½	+8.2
Pilkington	74½	+5½	+8.0
Select Appointments	588	+44½	+7.1
Coca-Cola Bev	145	+9½	+7.0
Tate & Lyle	373	+23	+6.6
FALLS			
Cookson	120	-13	-9.8
Coats Viyella	27¼	-2¾	-9.2
Standard Chartered	639	-51	-7.4
Electrocomponents	420	-28	-6.2
IMI	264½	-12½	-4.5
GEC	456	-19	-4.0
LASMO	170	-7	-4.0
Johnson Matthey	347½	-14	-3.9

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	Over 5 days Rises	Over 5 days Falls	Over 5 days Same
British Funds	13	63	0	182	197	1
Other Fixed Interest	3	0	6	8	1	36
Mineral Extraction	61	[illegible]	41	356	216	228
General Manufacturers	125	133	251	806	526	1,211
Consumer Goods	74	52	173	454	283	765
Services	152	131	298	909	618	1,379
Utilities	20	15	18	103	79	83
Financials	95	100	[illegible]	537	378	[illegible]
Investment Trusts	189	97	311	1,444	385	1,073
Others	73	[illegible]	252	380	207	1,257
Totals	805	673	[illegible]	5,281	[illegible]	6,952

Data based on those companies listed on the London Share Service

FT 30 INDEX

	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Yr ago	*High	*Low
FT 30	3347.4	3332.5	3421.2	3364.6	3394.2	3106.3	4004.9	2790.6
Ord. div. yield	3.15	3.16	3.08	3.14	3.12	3.64	4.22	2.72
P/E ratio net	21.30	21.22	21.73	21.34	21.51	20.20	26.41	15.80
P/E ratio nil	21.21	21.13	21.64	21.26	21.42	19.92	25.19	15.71

FT 30 since compilation: high 4004.9 15/07/98; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

9	10	11	12	13	14	15	16	High	Low
3332.5	3382.1	3360.7	3356.6	3340.2	3339.9	3351.5	3339.3	3390.8	3330.0

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FTSE - LEADERS & LAGGARDS

Percentage changes since December 31 1997 based on Friday November 6 1998

Telecommunications	+69.97
Tobacco	+42.83
Gas Distribution	+41.17
Support Services	+34.32
Utilities	+19.58
Pharmaceuticals	+18.20
Transport	+18.47
Electricity	+18.16
Life Assurance	+15.35
Consumer Goods	+14.82
Services	+13.63
Food Producers	+9.29
FTSE 350 Lower Yield	+9.05
Water	+8.32
Alcoholic Beverages	+7.75
Non-Financials	+7.50
Health Care	+7.39
FTSE 100	+6.92
Retailers, Food	+6.36
FTSE 350	+6.30
Electronic & Elect Equip	+6.09
FTSE All-Share	+5.26
FTSE 250	+3.29
FTSE 250 ex IT	+3.22
FTSE 350 Higher Yield	+2.81
Investment Trusts	+1.76
Construction	-0.36
Insurance	-0.29
Financials	-0.83
Banks, Retail	-1.00
Media	-1.51
Engineering, Vehicles	-2.47
Oil, Integrated	-3.10
Extractive Industries	-4.24
Building Matls	-5.58
RESOURCES	-6.58
Breweries, Pubs & Rest	-7.04
FTSE Fledgling	-8.67
Diversified Industrials	-9.94
Leisure & Hotels	-10.22
FTSE SmallCap	-10.88
FTSE Fledgling ex IT	-10.82
Gen Industrials	-11.55
FTSE SmallCap ex IT	-12.49
Retailers, General	-13.18
Property	-16.80
Engineering	-18.20
Household Gds & Txts	-19.00
Chemicals	-21.40
Distributors	-22.18
Paper, Pckg & Printing	-27.62
Oil Exploration & Prod	-42.50

TRADITIONAL OPTIONS

First Dealings	Oct 26	Expiry	Jan 21
Last Dealings	Nov 6	Settlement	Jan 28

Calls: Soundtracs, Tullow Oil.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Nov 6	Day's chge%	Nov 5	Nov 4	Year ago	Gross yld%	Net yld%	Net cover	P/E ratio	Xd adj. ytd	Total Return	1998 High		1998 Low		Since Compilation High		Since Compilation Low	
FTSE 100	5491.0	+0.2	5479.8	5622.9	4863.8	2.83	2.50	1.98	21.80	129.31	2425.40	6179.0	20/7	4648.7	5/10	6179.0	20/7/98	986.9	23/7/84
FTSE 250	4942.1	+0.3	4928.8	4971.4	4580.4	3.60	3.05	2.12	16.39	121.85	2141.77	5866.6	9/6	4281.2	8/10	5866.6	9/6/98	1379.4	21/1/86
FTSE 250 ex Inv Tr	4976.7	+0.3	4961.9	5090.4	4713.4	3.74	3.18	2.19	15.27	126.75	2165.90	6035.7	9/6	4295.8	8/10	6035.7	9/6/98	1378.3	21/1/86
FTSE 350	2625.2	+0.2	2619.6	2680.1	2253.6	3.04	2.80	2.01	20.48	82.28	2369.80	2967.6	20/7	2233.5	5/10	2967.6	20/7/98	664.5	14/1/86
FTSE 350 ex Inv Tr	2630.7	+0.2	2625.0	2685.9	2356.1	3.06	2.61	2.02	20.26	62.79	1218.09	2972.2	20/7	2239.1	5/10	2972.3	20/7/98	2211.8	3/6/97
FTSE 350 Higher Yield	2534.1	-0.3	2541.0	2602.8	2339.0	4.08	3.46	1.93	15.85	78.57	1950.82	2873.7	11/5	[illegible]	5/10	2873.7	11/5/98	674.2	14/1/86
FTSE 350 Lower Yield	2714.7	+0.7	2694.9	2753.7	2379.9	1.96	1.66	2.16	29.66	48.10	1986.08	3073.9	20/7	[illegible]	5/10	3073.9	20/7/98	669.6	20/1/86
FTSE SmallCap	2066.72	+0.3	2060.99	2066.62	2322.91	4.01	3.27	1.97	15.78	54.10	1818.13	2792.73	26/5	1934.40	9/10	2792.73	26/5/98	1363.79	31/12/92
FTSE SmallCap ex Inv Tr	2022.65	+0.3	2016.09	2019.60	2328.64	4.37	3.65	2.07	13.83	57.40	1799.32	2793.83	[illegible]	[illegible]	9/10	2793.83	9/6/98	1363.79	31/12/92
FTSE All-Share	2538.22	+0.2	2532.70	2588.70	2305.56	3.09	2.63	2.00	20.19	60.49	2325.28	2885.17	20/7	2166.07	5/10	2885.17	20/7/98	61.92	13/12/74
FTSE All-Share ex Inv Tr	2546.51	+0.2	2540.85	2597.50	2309.23	3.11	2.65	2.02	19.86	61.25	1200.36	2892.35	20/7	2174.63	5/10	2892.35	20/7/98	2172.42	4/6/97

FTSE Actuaries Industry Sectors

	Nov 6	Day's chge%	Nov 5	Nov 4	Year ago	Gross yld%	Net yld%	Net cover	P/E ratio	Xd adj. ytd	Total Return	1998 High		1998 Low		Since Compilation High		Since Compilation Low	
10 RESOURCES(20)	4202.02	-0.5	4223.28	4325.60	4570.25	3.55	3.16	1.61	23.27	118.22	1954.18	5029.70	13/5	3596.98	1/9	5202.56	3/10/97	980.20	19/2/86
12 Extractive Industries(6)	2896.32	+0.9	2870.50	2903.88	3275.46	4.72	4.35	1.89	13.31	126.49	932.80	3487.98	11/5	[illegible]	1/9	[illegible]	[illegible]	[illegible]	[illegible]
15 Oil, Integrated(3)	4797.98	-0.6	4825.25	4953.72	4963.25	3.44	3.06	1.45	25.00	125.64	2293.09	5827.11	13/5	4133.08	28/8	5827.11	13/5/98	982.30	20/2/86
16 Oil Exploration & Prod(11)	2069.56	-2.4	2121.49	2151.86	3776.35	2.88	2.32	0.96	49.19	46.95	1295.32	3825.18	2/1	1883.20	3/9	3995.34	17/10/97	660.30	29/7/86
20 GEN INDUSTRIALS(211)	1767.25	-0.7	1779.17	1823.28	2051.77	4.15	3.65	2.22	13.65	58.49	1055.10	2447.98	22/5	[illegible]	2/10	2447.98	22/5/98	985.10	14/1/86
21 Construction(39)	1301.98	-0.2	1303.97	1308.46	1376.87	3.92	3.17	2.97	10.74	37.73	1178.55	1789.73	9/6	1139.38	1/9	2125.80	15/7/87	538.38	9/9/92
22 Building Matls & Merchs(26)	1638.00	+0.1	1636.07	1647.84	1808.58	4.57	3.95	2.12	12.91	56.57	908.35	2088.10	1/6	1299.88	8/10	2393.22	24/1/94	954.80	9/9/92
23 Chemicals(23)	2036.92	-0.1	2038.81	2090.47	2481.60	4.50	4.21	1.78	15.76	72.95	1058.44	3165.53	15/5	1816.11	8/10	3165.53	15/5/98	879.50	14/1/86
24 Diversified Industrials(6)	1126.77	+1.4	1111.03	1152.51	1371.78	4.92	4.66	2.10	12.12	57.13	713.76	1626.51	13/5	950.29	10/9	2231.57	2/2/94	950.29	10/9/98
25 Electronic & Elect Equip(29)	2337.69	-2.4	2396.03	2488.23	2229.00	3.29	2.66	1.85	20.52	59.92	1309.13	2813.98	7/7	2054.60	22/1	2813.98	7/7/98	986.80	29/9/86
26 Engineering(59)	2265.99	-0.9	2285.69	2361.83	2833.19	4.26	3.78	2.23	13.16	78.75	1487.40	3338.87	11/5	[illegible]	2/10	3338.87	11/5/98	982.80	10/11/87
27 Engineering, Vehicles(10)	3351.52	-0.5	3369.89	3437.88	3505.89	2.66	2.44	3.27	14.34	74.78	1866.04	4622.19	26/5	2702.28	5/10	4622.19	26/5/98	985.60	14/1/86
28 Paper, Pckg & Printing(22)	1551.87	-0.5	1560.05	1585.05	2228.89	5.95	5.44	2.46	8.56	67.75	712.96	2540.33	28/5	1295.37	5/10	3142.02	11/7/95	973.30	14/1/86
30 CONSUMER GOODS(91)	5643.14	+0.8	5599.59	5763.22	4531.14	2.44	2.21	1.92	28.72	125.19	2254.16	6162.22	20/7	4727.70	8/10	6162.22	20/7/98	967.50	14/1/86
32 Alcoholic Beverages(6)	3509.24	+1.4	3459.19	3676.96	3152.16	3.55	3.29	2.13	16.52	138.96	1406.30	4249.01	20/7	2727.17	25/9	4249.01	20/7/98	967.50	14/1/86
33 Food Producers(27)	3673.07	+2.2	3594.97	3747.12	3051.74	2.56	2.20	2.31	21.08	74.24	1792.65	4423.56	8/6	3082.81	5/10	4423.56	8/6/98	946.10	14/1/86
34 Household Goods & Texts(22)	2507.65	-0.5	2520.75	2544.50	2896.92	4.18	3.71	1.79	18.75	85.80	1073.34	3704.44	24/4	2249.89	8/10	3704.44	24/4/98	927.10	21/1/86
36 Health Care(13)	2459.94	+0.4	2450.82	2532.79	2246.49	2.11	1.95	2.18	27.17	46.87	1588.11	2816.34	21/7	2089.93	8/10	2816.34	21/7/98	972.60	21/1/86
37 Pharmaceuticals(20)	9726.79	+0.4	9690.33	9804.12	7327.01	1.81	1.69	1.59	43.36	185.24	3504.98	10950.95	2/2	7862.54	8/10	10950.95	2/2/98	953.70	13/1/86
38 Tobacco(3)	6576.90	-0.3	6595.91	6556.72	4479.04	5.15	4.30	2.04	11.91	210.91	1863.83	6793.51	30/10	4602.62	3/4	6793.51	30/10/98	992.00	9/1/86
40 SERVICES(280)	3258.60	+0.7	3237.40	3296.25	2797.57	2.64	2.17	2.08	22.76	58.74	1806.18	3808.50	20/7	2789.94	8/10	3808.50	20/7/98	944.80	23/1/86
41 Distributors(29)	1935.39	-1.2	1958.94	1940.77	2680.59	5.08	4.20	2.02	12.18	73.19	773.39	2998.05	28/5	1845.17	8/10	3319.33	2/2/94	988.50	21/1/86
42 Leisure & Hotels(28)	3036.56	+0.1	3033.96	3114.68	3216.33	3.11	2.60	2.61	15.42	79.87	1734.76	4185.64	9/6	2450.85	8/10	4185.54	9/6/98	975.40	21/1/86
43 Media(39)	4093.98	+0.9	4055.68	4112.02	4100.55	2.55	2.14	2.13	22.96	84.17	1563.45	4900.94	20/7	3480.83	8/10	4900.94	20/7/98	976.20	9/1/86
44 Retailers, Food(13)	2913.53	+3.8	2805.61	2620.87	2555.54	3.15	2.52	2.17	18.32	62.69	2002.38	3251.85	6/7	[illegible]	9/1	3251.85	6/7/98	917.40	21/1/86
45 Retailers, General(49)	2000.91	+0.1	1999.10	2003.87	2290.84	3.82	3.06	2.10	15.56	51.83	1232.20	2478.00	8/6	1909.95	14/10	2478.00	8/6/98	870.10	9/12/88
46 Telecommunications(8)	4637.46	+0.3	4622.36	4751.80	2467.79	1.86	1.54	1.56	43.16	47.70	2274.62	5141.58	31/7	2736.24	12/1	5141.58	31/7/98	802.50	3/10/86
47 Breweries, Pubs & Rest.(24)	3355.51	-0.6	3375.13	3482.50	3233.11	3.68	2.95	2.37	14.31	66.45	1723.58	4441.58	9/6	[illegible]	5/10	4441.58	9/6/98	982.00	14/1/86
48 Support Services(65)	4337.64	+0.6	4313.09	4378.80	3331.62	1.44	1.21	2.74	31.74	48.98	2873.20	5475.71	9/7	3358.33	8/10	5475.71	9/7/98	939.80	1/2/91
49 Transport(25)	3443.48	+0.5	3425.64	3501.52	2983.68	3.12	2.61	1.94	20.64	73.65	1549.60	4127.07	17/7	2768.67	23/1	4127.07	17/7/98	880.80	14/1/86
60 UTILITIES([illegible])	4159.80	+0.4	4141.66	4155.18	3164.90	3.90	3.22	1.77	18.14	101.47	2010.57	4300.28	30/9	3619.37	2/1	4300.28	30/9/98	802.50	3/10/86
62 Electricity(8)	4543.47	+0.1	4540.37	4577.00	3458.77	4.46	3.57	1.89	14.85	113.98	2687.17	4781.84	23/9	[illegible]	2/1	4781.04	23/9/98	895.30	7/1/91
64 Gas Distribution(2)	3445.82	+1.3	3401.17	3385.94	2345.54	1.96	1.57	‡	‡‡	54.02	2008.58	3502.91	1/10	[illegible]	2/1	3502.91	1/10/98	894.90	9/12/86
68 Water(11)	3494.65	+0.2	3487.61	3496.86	3012.67	4.94	4.34	2.36	10.72	112.14	2187.14	3814.45	1/10	3085.36	25/2	3814.45	1/10/98	924.70	1/5/90
69 NON-FINANCIALS(623)	2599.32	+0.4	2590.18	2645.52	2336.41	3.00	2.58	1.86	21.23	59.28	2138.27	2932.38	20/7	2270.58	8/10	2932.38	20/7/98	63.49	13/12/74
70 FINANCIALS(105)	4794.41	-0.2	4802.33	4922.73	4468.87	3.44	2.85	2.18	16.69	134.78	2242.75	6070.67	14/4	3728.79	5/10	6070.67	14/4/98	972.20	23/1/86
71 Banks, Retail(12)	7086.43	-0.8	7141.46	7285.48	6584.13	3.60	2.88	2.12	16.36	189.47	2510.31	8833.42	14/4	5205.68	5/10	8833.42	14/4/98	950.80	23/1/86
73 Insurance(15)	2109.49	+0.6	2096.76	2233.45	2033.43	3.35	3.16	2.18	17.14	77.07	1768.25	2859.97	9/4	1675.02	5/10	2859.97	9/4/98	870.90	25/8/92
74 Life Assurance(6)	6841.97	+0.7	6791.45	6944.42	5297.03	2.82	2.43	2.70	16.42	167.30	3084.32	7713.89	19/3	5798.27	8/10	7713.89	19/3/98	867.70	23/1/86
77 Other Financial(25)	3617.54	+0.1	3613.57	3700.23	3345.75	2.99	2.46	2.55	16.40	97.86	2227.87	5215.98	15/4	2733.18	5/10	5216.06	15/4/98	856.30	1/10/90
79 Property(45)	1776.73	+2.1	1739.57	1745.50	2170.42	3.75	3.17	1.59	20.89	41.48	1176.54	2431.05	19/3	[illegible]	14/10	2431.05	19/3/98	718.40	16/9/92
80 INVESTMENT TRUSTS(115)	3478.53	+0.1	3476.76	3531.17	3344.77	2.34	1.90	1.18	45.39	58.18	1275.68	4118.22	26/5	2896.22	5/10	4118.22	26/5/98	977.20	14/1/86
89 FTSE All-Share(843)	2538.22	+0.2	2532.70	2588.70	2305.56	3.09	2.63	2.00	20.19	60.49	2325.28	2885.17	20/7	2166.07	5/10	2885.17	20/7/98	61.92	13/12/74
FTSE All-Share ex Inv Tr(728)	2546.51	+0.2	2540.85	2597.50	2309.23	3.11	2.65	2.02	19.86	61.25	1200.36	2892.35	20/7	2174.63	5/10	2892.35	20/7/98	2172.42	4/6/97
Information Technology	1332.67	+0.8	1322.32	1360.67	-	0.70	0.56	4.08	43.61	6.84	1339.16	1882.87	20/7	980.67	8/10	1882.97	20/7/98	980.67	8/10/98
FTSE Fledgling	1140.59	+0.3	1137.52	1136.61	1273.97	3.85	3.16	1.41	23.05	31.63	1280.16	1517.11	9/6	1046.17	9/10	1778.30	2/2/94	31.14	12/12/94
FTSE Fledgling ex Inv Tr	1145.16	+0.3	1142.16	1140.68	1292.10	4.22	3.48	1.50	19.78	35.32	1292.01	1654.15	10/6	1064.28	12/10	1778.30	2/2/94	26.13	12/12/94
FTSE AIM	918.3	+1.0	909.9	909.0	995.8	1.19	0.84	0.32	80.00†	8.25	780.22	1146.9	8/6	761.3	14/10	1146.9	8/6/98	761.3	14/10/98

Hourly movements

	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	5504.3	5555.8	5518.0	5519.2	5483.5	5471.8	5496.4	5473.0	5575.3	5458.5
FTSE 250	4930.6	4951.0	4949.3	4947.5	4945.3	4944.4	4942.0	4941.6	4953.6	4930.6
FTSE 350	2629.4	2651.7	2636.4	2636.8	2622.5	2617.8	2627.3	2618.0	2659.4	2612.7
FTSE SmallCap	2063.26	2064.78	2064.52	2063.96	2064.84	2064.74	2065.16	2065.83	2066.72	2060.35
FTSE All-Share	2541.90	2562.47	2548.47	2548.78	2535.67	2531.35	2540.09	2531.57	2560.60	2526.75

Time of FTSE 100 High: 9:44:30 Low: 16:04:30
Time of FTSE All-Share High: 9:45:00 Low: 16:05:00

Equity section or group	Base date	Base value
FTSE 100	31/12/83	1000.00
FTSE 250 & ex Inv Tr	31/12/85	1412.60
FTSE 350	31/12/85	682.94
FTSE 350 ex Inv Tr	12/5/97	2247.58
FTSE 350 Higher Yield	31/12/85	682.94
FTSE 350 Lower Yield	31/12/85	682.94
Electricity	31/12/90	1000.00
Water	29/12/89	1000.00
Non-Financials	10/4/62	100.00
FTSE All-Share	10/4/62	100.00
FTSE All-Share ex Inv Tr	12/5/97	2206.01
All Other	31/12/85	1000.00
FTSE SmallCap & ex Inv Tr	31/12/92	1363.79
FTSE Fledgling	30/12/94	1000.00
FTSE Fledgling ex Inv Tr	30/12/94	1000.00
FTSE AIM	30/12/94	1000.00
FTSE Total Return Indices	31/12/92	1000.00
FTSE Sectors' Total Ret	31/12/93	1000.00
Oil Exp & Prod Total Retn	31/12/93	1047.33
FTSE Fledgling Total Ret	30/12/94	1000.00
FTSE Fledg ex Inv Tr Total Ret	30/12/94	1000.00
FTSE AIM Total Return	12/5/97	1000.00
FTSE 350 ex Inv Tr Total Return	12/5/97	1000.00
FTSE All-Share ex Inv Tr Tot Retn	12/5/97	1000.00

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LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
ASDA	160	17	25	28	8½	14½	18
(*162½)	180	8	16	20	21	25½	27
Abbey Natl	1150	[illegible]	[illegible]	[illegible]	73½	116	140½
(*1156)	1200	81	134	161	100½	142	167½
Allied Domecq	500	58½	76½	88½	22½	35	45
(*532½)	550	31	52	63	47	60	70
BAA	600	[illegible]	[illegible]	108½	20	34	46
(*645)	650	43½	62½	79½	41	57½	70½
Option		Jan	-	-	Jan	-	-
BAT Inds	460	185	-	-	1	-	-
(*)	600	121	-	-	14	-	-
Option		Jan	Apr	Jul	Jan	Apr	Jul
Barclays	1200	131	182	214	88	141	162
(*1233½)	1250	108	158½	191½	113½	167	188½
Bass	700	70	92½	108	32½	50½	62½
(*735)	750	48½	69½	80½	58	78	87
Boots	950	77	103½	128	56	75	97½
(*961)	1000	58	78½	104	82	101½	123½
Brit Airways	390	58	71½	82	32	47½	56
(*410)	420	38	58½	68½	47	63½	73
BP	900	76	109	125½	52½	78	91
(*918½)	950	59	85½	102½	79½	102½	116½
British Steel	110	10½	18	18	11½	13½	17½
(*112½)	120	6½	12	14½	17½	19	24
Cable & Wire	600	86	111	128½	44	66½	76
(*632½)	650	61½	88	108	69	92	102½
CGU	900	86	133	164	64	102½	126
(*922)	950	72½	109½	141½	90	139½	152½
Glaxo	1800	157½	214	270½	112½	156½	198
(*1830)	1900	110	165	223½	157	210½	249½
HSBC 75p	1450	167½	213½	258½	104½	157	180½
(*1482)	1500	142½	189	238	125	182	216½
Halifax	800	84	116	134	40	65	75
(*838)	850	69	91½	110	64	89½	99½
ICI	550	83	108½	128	41½	72	77
(*589)	600	58	[illegible]	[illegible]	67	99	[illegible]
Land Secur	850	53	78½	98½	39	56½	69
(*861½)	900	28	52½	73	64½	79½	92
Marks & S	390	39½	54½	61	16	26½	35
(*410)	420	25	40	46	30	40½	49½
Nat Power	500	54	68½	77	22½	31½	40½
(*532)	550	30½	43½	52½	46½	57	67
NatWest	950	113	140	169	60	87½	109
(*982½)	1000	88	115	146	85½	113	135
Reuters	550	77½	98	108½	32½	55½	59
(*591½)	600	51½	74	87½	58½	81½	84½
Royal/Sun Al	500	61½	72½	87½	41	62½	72½
(*501)	550	31½	52½	68	71	93	102½
Safeway	280	38	41	47	12	21	27½
(*292)	300	18½	30½	37	21½	31	37½
Sainsbury	500	65½	85½	93½	16½	30	38½
(*548½)	550	37½	61½	68½	38	52	63
Shell Trans	330	36½	47½	56	15	21½	29
(*350)	360	20	32	41½	27	35½	[illegible]
SmKl Bchm	700	82	116	147½	37½	69½	77
(*745)	750	65½	91	124½	56	86½	94
Std Chartd	600	109	137½	160	45½	77½	92
(*641½)	650	80½	115	139	71	109½	121
Thames Wtr	1050	98	117½	-	38	47	-
(*1111)	1114	66½	88	-	50½	72½	-
Vodafone	800	111	148	179	66½	96½	109½
(*841½)	850	88	126	159	91	116½	136
Woolwich	330	41	52	58½	11	16½	22½
(*357)	360	23½	35	43	21	30½	37
Zeneca	2300	187	257	326½	125	212	245
(*2303)	2400	139½	209½	275	195	264	290
Reed Intl	460	67	83½	104	17½	41	45½
(*491½)	500	45	63½	88	34	62½	66
Option		Nov	Feb	May	Nov	Feb	May
BTR	110	6½	16	20	4½	12½	16
(*111½)	115	4	-	-	7	-	-
Blue Circle	330	19½	40	51	9	26½	37½
(*341)	360	6½	28	37	24½	40½	54
Brit Aero	425	32½	-	-	5½	-	-
(*449)	450	18	-	-	20	-	-
Brit Telecom	800	30	78	105½	21½	64½	81
(*808)	850	10	54½	82	51	92½	107½
Cadbury Sch	900	27½	86	113	25	66½	93
(*902½)	950	10	64	89½	57	93½	113½
Carlton Comm	420	41	65	82	2	19	31
(*452)	460	18	46½	61½	14	36	55
Option		Nov	-	-	Nov	-	-
Energy Grp	800	41½	-	-	-	-	-
(*840)	850	½	-	-	10½	-	-

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Gallaher	420	20½	42½	54	8½	28½	37½
(*432)	460	4½	25	38	32½	49	60
GEC	460	17½	48	67	16½	42½	53
(*461)	500	4½	32½	50½	43½	66	76
Diageo	600	33	73	96½	16½	46	72
(*621)	650	11	50	73½	44½	75	98½
Hanson	420	21½	46½	58	6	25½	37½
(*438)	460	6	27	40	29	46	57
Impl Tobacco	600	47½	65½	80½	3	23½	30
(*643½)	650	13	37	55	17	47	64
Kingfisher	525	35½	60	-	3½	31	-
(*536½)	550	21	56½	78½	19½	45½	65½
Lasmo	160	11½	22	28½	3½	12	15½
(*168½)	180	3½	12½	17½	14	23	25½
Ladbroke	220	19½	30	41	3½	15½	22½
(*235)	240	8½	27	32	12	25½	33
LucasVty	200	14	28	31	5	13½	17
(*209)	220	4½	17	21½	16	24	27½
P & O	600	38½	72	88½	[illegible]	36	45
(*625)	650	11½	48	64½	34½	61½	81
Prudential	800	52½	107	134½	14	57	82
(*833)	850	26	80	111	34	83	107½
RTZ	750	27	74	91	20	56½	79
(*754½)	800	8	51½	69½	52	86	108
Option		Jan	May	Aug	Jan	May	Aug
Allce & Leics	850	68	115½	149	39½	65½	84
(*885)	900	55	90½	[illegible]	57½	94	108½
Option		Nov	Feb	May	Nov	Feb	May
Rolls-Royce	220	19	34	46½	3	13	20
(*236½)	240	7	24	31	10½	24	30
Tesco	167	12	20	-	2½	9	-
(*176)	183	4	14	-	10	17	-
Utd Biscuits	238	12½	28½	-	3½	13	-
(*245)	251	[illegible]	17	-	17½	25½	-
Option		Dec	Mar	Jun	Dec	Mar	Jun
BG	390	28½	48	63	13½	23	37
(*404)	420	15	34½	48½	29	38	52
BSkyB	460	30½	[illegible]	51	20	39	[illegible]
(*473)	500	[illegible]	35	32	42	58	67
Brit Biotech	40	8½	10	10	3	7	9½
(*42)	45	3½	8	12½	5½	10	12½
Centrica	110	8	14½	19½	4	6	10
(*114½)	120	4	9½	15	9½	[illegible]	15
Dixons	600	56½	88	98	16	42½	49½
(*623)	650	29	55½	75	38½	68	74½
EMI	330	[illegible]	59	74	15	27½	39½
(*351½)	360	25½	45	60½	29	45	55½
Granada	850	68	105½	132	42	71½	85½
(*874½)	900	43	82	108½	67½	97	112½
GUS	600	64½	87½	108½	12	29	34½
(*649)	650	34	60½	74½	31	50	57½
LloydsTSB	800	63½	108	122½	48½	91	104
(*807½)	850	40	[illegible]	[illegible]	76½	117½	130½
Lonrho	300	32	43	47	7	16	21½
(*325)	330	14	27	32	19½	31	35½
Norwich U	390	[illegible]	63	73	12½	27	36
(*417)	420	24½	40½	58½	25	40½	51
Orange	600	60	101½	127½	40	70	85½
(*617)	650	38	78½	106	67	99½	112½
Railtrack	1600	115	180	240	61½	118½	152½
(*1645½)	1700	[illegible]	[illegible]	192	115	168	203½
Scot Power	600	38½	69	74½	15½	32	44
(*621)	650	15	[illegible]	51	41½	59	70½
Tarmac	100	12½	17	18	3½	7½	11
(*103)	110	7	12½	14	8	12½	16
Tomkins	280	28	34½	42½	13	23½	29
(*288)	300	14	25	33	24	34	39½
Unilever	600	41½	[illegible]	82½	24	42	53
(*611½)	650	20½	45	58½	53	[illegible]	80

* Underlying security price. Premiums shown are based on settlement prices.
November 6 Total contracts: Equity and Index options: na Calls: na Puts: na

NEW 52 WEEK HIGHS AND LOWS

NEW HIGHS (32).

GILTS (11) Treas 4 3/8pc IL 2004, Treas 4 1/8pc I-L 2030, Treasury 2 1/2 pc Index-Linked 2001, Treasury 2 1/2 pc Index-Linked 2003, Treasury 2 1/2 pc Index-Linked 2009, Treasury 2 1/2 pc Index-Linked 2013, Treasury 2 1/2 pc Index-Linked 2016, Treasury 2 1/2 pc Index-Linked 2020, Treasury 2 1/2 pc Index-linked 2011, Treasury 2 1/2pc Index-Linked 2024, Treasury 2pc Index-Linked 2006, ELECTRICITY (2) [illegible] & Scottish Power, EXTRACTIVE INDS (1) [illegible], INSURANCE (1) [illegible], INVESTMENT TRUSTS (8) Dresdner Rcm Income Zero Div Prf, Fleming Wrld Zero Div Pref, INVESCO Geared Opp's Zero Div, Johnson Fry European Zero Pref, Jupiter Split Trust Zero Div Pref, [illegible] Opportunities Trust, M & G Recovery Zero Div Pref, Martin Currie Income & Growth Zero Div Prf, SR Pan-European Zero Div Pref, MEDIA (1) HIT Entertainment, PAPER, PACKG & PRNTG (1) Applied Holographics, PHARMACEUTICALS (4) [illegible], Celltech, [illegible], Lilly (E), AIM (2) Florentine, ITB Group, AMERICANS (1) US West.

NEW LOWS (45).

GILTS (3) Exchequer 12 1/4 pc 1999, Exchequer 12pc 1999, Treasury 10 1/2 pc 1999, CHEMICALS (1) [illegible], CONSTRUCTION (4) Birse Group, Laing (J), Laing (J) A N/V, Ward Hldgs, DISTRIBUTORS (3) Acatos & Hutcheson, [illegible] Group, Sytner, ELECTRNC & ELECT EQUIP (3) Industrial Control Services, Mitel Corp, Telspec, ENGINEERING (1) [illegible] Hldgs, EXTRACTIVE INDS (2) Anglesey Mining, RJB, FOOD PRODUCERS (1) Carr's Milling, HOUSEHOLD GOODS & TEXS (2) Coats Viyella, [illegible], Hi-Tec Sports, INVESTMENT COMPANIES (1) Guangdong Development Fund, LEISURE & HOTELS (1) Hanover Intl, OIL EXPLORATION & PROD (1) [illegible] Resources, PROPERTY (6) Cap & Reg Props 6 3/4pc Uns Ln 06/16, Chesterfield, [illegible] Hldgs, Hemingway Properties, MEPC, Peel Hldgs, RETAILERS, GENERAL (3) [illegible] Group, Grampian Hldgs, Heal's, SUPPORT SERVS (7) HW Group, [illegible], Lonex, MSB International, [illegible], Whitehead Mann Group, TRANSPORT (1) Fisher (J), AIM (6) Buckland Invt, [illegible], Moneypay, [illegible] Technology

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1998 High	1998 Low	Stock	Close price p	+/-	Net div.	Div cov	Grs yld	P/E net
-	F.P.	-	[illegible]	48	Anglian Water B	51*	+1½	-	-	-	-
§	F.P.	8.05	116	107	Collective Assets Tst	116	+2	-	-	-	26.1
-	F.P.	40.7	102½	98	Exeter Enhanced	101½		F8.0	-	11.1	-
-	F.P.	419.9	325½	[illegible]	First Active	307½		-	-	-	18.5
§	F.P.	21.4	101	100½	Guinness Flt Grd I&G	101		-	-	-	-
§	F.P.	6.38	[illegible]	[illegible]	Do Inc	105½	+½	-	-	-	-
§	F.P.	15.4	102½	100	Do Zero Div Prf	102	+½	-	-	-	-
§55	F.P.	14.1	62½	55½	†Honeycombe Leisure	62½		-	-	-	8.8
§97	F.P.	8.00	103	97½	MSW Technology	97½		-	-	-	14.8
-	F.P.	35.6	12½	10	Marley B	10½	-½	-	-	-	-
§	F.P.	5.17	5½	5	[illegible]	5½		-	-	-	-
§	F.P.	2.10	105	105	†Do Cnv Prf	105		-	-	-	-
-	F.P.	-	[illegible]	50½	†Old Monk Company	50½		-	-	-	12.7
-	F.P.	7.48	93	90½	Piccadilly Grwth	90½		1.6	0.8	2.2	71.0
100	F.P.	-	103	97½	REXAM B	101	-½	-	-	-	-
-	F.P.	-	15	5	[illegible]	13½		-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1998 High	1998 Low	Stock	Closing price p	+or-
44	Nil	27/11	2½pm	2½pm	Innovative Tech	2½pm	

pm premium

STOCK MARKET TRADING DATA

	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Yr ago
SEAQ bargains	64,156	71,891	77,145	68,167	66,794	53,795
Equity turnover (£m)†	-	3076.1	3224.8	3232.7	2685.1	2593.0
Equity bargains†	-	57,887	60,130	55,285	54,285	36,387
Shares traded (m)†	-	977.0	967.3	993.6	749.6	757.7
Total market bargains‡	-	73,335	75,175	68,096	65,504	-
Total turnover (£m)‡	-	4215.4	4457.1	4434.0	3453.5	-
Total shrs traded (m)‡	867.0*	1219.8	1253.7	1267.3	919.0	-
Tradepoint turnover (£m)	24.6	26.0	28.5	26.7	14.3	23.5
Tradepoint shrs traded(m)	12.0	11.9	12.5	9.8	6.1	8.4

†Excluding intra-market and overseas turnover but including Crest turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING MATS. & MERCHANTS

CHEMICALS

CONSTRUCTION

CONSTRUCTION - Continued

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Continued

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

FOOD PRODUCERS - Continued

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS & TEXT

INSURANCE

INSURANCE - Continued

INVESTMENT TRUSTS

Approved by the Inland Revenue

INVESTMENT TRUSTS - Continued

INV TRUSTS SPLIT CAPITAL

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LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

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Net asset values supplied by BT Alex Brown International as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

Net asset values supplied by BT Alex Brown International as a guide only. See guide to London Share Service

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Continued

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Continued

RETAILERS, FOOD

RETAILERS, GENERAL

TELECOMMUNICATIONS

TOBACCO

TRANSPORT

SUPPORT SERVICES

SUPPORT SERVICES - Continued

TRANSPORT - Continued

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

TRADED INDEX SECURITIES

AIM

AIM - Continued

Financial Times Surveys

Croatian Finance and Investment

Monday December 14

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FINANCIAL TIMES
No FT, no comment.

Alternative Investment Market

The Alternative Investment Market, designed primarily for small companies, is regulated by the London Stock Exchange but has less demanding rules than the SE Official list.

GUIDE TO LONDON SHARE SERVICE

Prices and trading volumes for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. For FTSE 100 Index constituents and reserves, published in the Trading Volume table on the LSE page, last trade priced at or prior to 4.30pm market close are shown, all other shares are non traded on the Stock Exchange Electronic Trading System ("SETS"). Highs and lows are based on mid-to-mid mid-prices and/or last trades.

Trading Volumes are end of day accumulated totals. Dashes indicate that either no trade has taken place during the day or the data is not available for those particular securities. Volumes shown for foreign securities are based on London trading.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available total Stock Exchange prices.

Symbols referring to dividend payments appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Earnings used in calculations are based on IMA 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Prm) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- Highs and lows marked thus have been adjusted to allow for capital changes
- Interim since announced or resumed
- Interim since reduced, passed or deferred
- Figures or report awaited
- Rule 2.1(a)(iv) Overseas Incorporated companies listed on an approved exchange
- Price unaudited/interim report available, see details below.
- Rule 4.2(a) Irish incorporated non-listed companies
- Price at time of suspension
- Indicates dividend yield after pending scrip and/or rights issue
- Merger bid or reorganisation in progress
- Forecast dividend yield; pre based on earnings updated by latest interim statement.
- Unregulated collective investment scheme

a Yield based on announced dividend
b Figures based on prospectus or other official estimates.
c Annualised dividend yield after rights issue.
d Assumed dividend yield after scrip issue.
e Rights issue pending
f Earnings based on preliminary figures.
g Dividend yield excludes a special payment.
h Indicated dividend yield, p/e ratio based on latest annual earnings.
j Forecast, or estimated annualised dividend yield, p/e based on latest annual earnings.
k Yield based on prospectus or other official estimates for 1997-98.
l Annualised yield allowing for scrip issue.
m Yield based on prospectus or other official estimates for 1998-99.
n Annualised yield after pending scrip and/or rights issue.
o Yield based on prospectus or other official estimates for 1999.
p Yield based on prospectus or other official estimates for 1997-98.
q Dividend yield based on prospectus or other official estimates for 1997-98.
r Dividend is paid in whole or part as a PID. Foreign income Dividend.
s Forecast annualised yield, p/e based on prospectus or other official estimates.
t Pre Bonus figures.
z Dividend yield to date.

Abbreviations: xd, ex dividend; xc, ex scrip issue; xb, ex rights; xa, ex all; xr, ex capital distribution.

This service is available to companies whose shares are regularly traded on the United Kingdom for a fee of £1485 a year for each security shown, subject to the Editor's discretion.

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FT Cityline

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For Retail Price Index details call 0891 43 8005

The FT web site

London share prices are available throughout the trading day with a 20 minute delay from our web site, http://www.ft.com, which also has the closing share prices printed on these pages.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Nov 6 / US$)

(4 pm close)

EUROPE

AUSTRIA (Nov 6 / Schl)

BELGIUM (Nov 6 / Fr.)

DENMARK (Nov 6 / Kr)

FINLAND (Nov 6 / Mkk)

FRANCE (Nov 6 / Frs.)

GERMANY (Nov 6 / DM.)

GREECE (Nov 6 / Drs)

HUNGARY (Nov 6 / Forint)

ITALY (Nov 6 / Lire)

NETHERLANDS (Nov 6 / Fls.)

NORWAY (Nov 6 / Kroner)

POLAND (Nov 6 / Zloty)

PORTUGAL (Nov 6 / Esc)

RUSSIA (Nov 6 / Rouble)

SPAIN (Nov 6 / Pts.)

SWEDEN (Nov 6 / Kronor)

SWITZERLAND (Nov 6 / Frs.)

TURKEY (Nov 6 / Lira)

UK (Nov 6 / 10am)

ISRAEL (Nov 6 / Shekel)

AFRICA

SOUTH AFRICA (Nov 6 / Rand)

ASIA-PACIFIC

AUSTRALIA (Nov 6 / AuD$)

HONG KONG (Nov 6 / H.K.$)

INDIA (Nov 6 / Rupee)

INDONESIA (Nov 6 / Rupiah)

JAPAN (Nov 6 / Yen)

MALAYSIA (Nov 6 / MYR)

NEW ZEALAND (Nov 6 / NZ$)

PAKISTAN (Nov 6 / Rupee)

PHILIPPINES (Nov 6 / Peso)

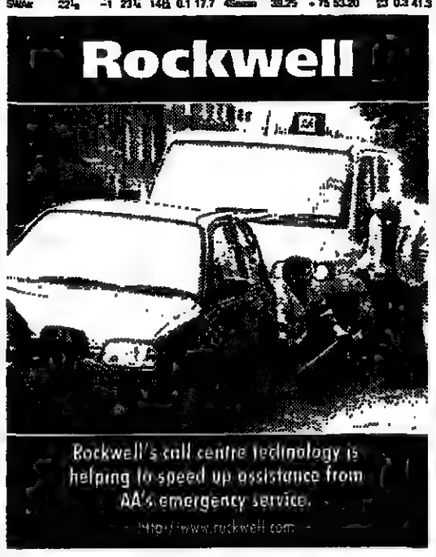
SINGAPORE (Nov 6 / S$)

SOUTH KOREA (Nov 6 / Won)

TAIWAN (Nov 6 / T$)

THAILAND (Nov 6 / Baht)

EASDAQ



INDICES

	Nov 6	Nov 5	Nov 4	1998 High	1998 Low
Argentina					
General(29/12/77)	(a)	1319.24	1314.65	1348.67 (2/3)	1203.14 (10/9)
Australia					
All Ordinaries(31/1/80)	2697.3	2672.4	2679.9	2881.40 (16/4)	2408.20 (1/9)
All Mining(31/1/80)	847.0	828.6	822.7	713.10 (2/4)	498.80 (31/8)
Austria					
Credit Aktien(30/12/64)	(a)	399.61	397.92	384.34 (29/5)	346.44 (9/10)
ATX Index(2/1/91)	1154.56	1166.09	1178.62	1626.58 (20/5)	992.09 (1/10)
Belgium					
BEL20(1/1/91)	3941.72	3957.41	3907.73	3938.67 (20/7)	3397.78 (10/9)
Brazil					
Bovespa(29/12/68)	(a)	8093.0	7898.0	12300.00 (16/4)	4761.00 (10/9)
Canada					
Metals Mining(1/1/73)	(a)	3428.02	3237.02	4380.91 (10/3)	2930.10 (31/8)
TSE300Comp(31/1/78)	(a)	6413.00	6365.60	7622.30 (2/4)	5335.70 (5/10)
Portfolio(55)	(a)	3257.61	3238.23	3955.81 (2/4)	2718.24 (5/10)
Chile					
IGPA General(31/12/80)	(a)	3842.76	3837.56	4881.68 (17/3)	3800.08 (14/9)
Denmark					
Copenhagen(28/3/83)	618.84	613.48	614.62	778.84 (7/4)	588.88 (9/10)
Finland					
Hex General(28/12/90)	4494.74	4478.83	4572.32	5803.43 (21/7)	3820.43 (12/1)
France					
SBF 250(31/12/90)	2318.28	2318.75	2364.13	2769.73 (1/7)	1873.10 (12/1)
CAC 40(31/12/87)	3588.63	3595.18	3684.16	4388.46 (1/7)	2892.54 (12/1)
Germany					
FAZ Aktien(31/12/58)	1539.57	1533.29	1525.74	1940.80 (20/7)	1281.50 (2/10)
Commerzbank(1/12/53)	4511.20	4502.40	4485.10	5712.60 (20/7)	[illegible] (9/10)
DAX(30/12/87)	4636.22	4611.80	4841.72	5171.45 (20/7)	3806.08 (9/10)
Greece					
Athens General(31/12/80)	2256.74				
FTSE/ASE 20 (24/5/87)	2254.37	2239.09	2855.52 (21/7)	1380.13 (29/1)	
Hong Kong					
Hang Seng(31/7/64)	10138.75	10221.98	10508.25	11810.63 (25/3)	6660.42 (13/8)
India					
BSE Sens.(1979)	2864.37	2842.51	(a)	4285.85 (21/4)	2704.16 (20/10)
Indonesia					
Jakarta Comp.(10/8/82)	353.97	355.52	330.45	554.10 (2/2)	256.83 (21/9)
Ireland					
ISEQ Overall(4/1/88)	4434.51	4427.63	4501.49	5471.61 (21/4)	3745.31 (8/10)
Italy					
Banca Com Ital(1972)	1381.17	1292.61	1297.78	1654.38 (7/4)	[illegible] (9/10)
MIB General(2/1/89)	1235.0	1227.0	1232.0	1588.00 (7/4)	1011.00 (9/10)
Japan					
Nikkei 225(16/5/49)	14121.97	14041.37	14527.81	17264.34 (2/3)	12879.57 (9/10)
Nikkei 300(10/10/82)	217.09	220.85	221.57	257.43 (10/2)	192.38 (9/10)
Japan					
Topix(4/1/68)	1088.47	1104.57	1107.36	1260.30 (10/2)	980.71 (16/10)
2nd Section(4/1/68)	1091.07	1098.41	1086.69	1401.27 (13/2)	1028.84 (13/10)
Malaysia					
KLSE Comp.(4/4/86)	453.22	438.65	431.70	748.38 (2/2)	262.70 (1/9)
Mexico					
IPC(Nov 1978)	(a)	4280.08	4257.73	5304.00 (3/7)	2866.10 (10/9)
Netherlands					
CBS Tot Ren(End 83)	1202.2	1199.3	1215.1	1462.00 (2/7)	924.90 (5/10)
CBS All Shr(End 83)	675.7	672.4	683.0	845.00 (2/7)	546.10 (5/10)
New Zealand					
Cap. 40(1/7/86)	2083.46	2089.73	1985.81	2380.08 (2/3)	1699.34 (3/10)
Norway					
Oslo SE Ind(2/1/83)	1695.06	1693.63	1733.78	2379.69 (4/3)	1389.76 (9/10)
Philippines					
Manila Comp.(1/1/85)	1797.37	1781.60	1714.08	2311.42 (2/3)	1088.18 (11/9)
Portugal					
BVL 30(4/1/93)	4840.31	4800.16	4813.06	5175.88 (2/4)	3899.05 (9/10)
Singapore					
SES All-Shares(24/4/79)	383.85	387.80	386.39	437.86 (16/2)	303.80 (4/9)
South Africa					
JSE Gold(29/9/78)	984.6(f)	979.1	980.4	1310.80 (8/10)	672.60 (16/3)
JSE Ind.(29/9/78)	6843.9(f)	6830.5	6867.0	9042.70 (2/4)	6246.90 (1/9)
South Korea					
KoreaCompEx*(4/1/80)	418.30	418.20	413.47	974.96 (2/3)	280.60 (16/9)
Spain					
Madrid SE30(1/2/85)	609.03	600.81	798.88	947.02 (1/7)	648.28 (9/10)
Sweden					
Affärsvärlden(1/1/937)	3086.6	3082.0	3131.8	3886.60 (20/7)	3411.70 (9/10)
Switzerland					
SMI Index(1/7/88)	6549.3	6557.5	6745.4	8412.00 (21/7)	6128.50 (5/10)
SPI General(1/9/87)	4217.50	4161.92	4261.78	5237.30 (20/7)	3911.28 (5/10)
Taiwan					
WeightedPr.**(30/6/66)	8889.88	8857.27	8805.32	9877.69 (2/3)	6251.36 (3/9)
Thailand					
Bangkok SET(30/4/75)	376.60	382.08	384.11	558.82 (3/2)	207.31 (4/9)
Turkey					
IMKB Nat 100(1986)	2554.71	2447.88	2595.26	4630.99 (19/7)	1852.28 (8/10)
WORLD					
MS Capital Ind(31/1/70)	1068.1*	1071.4	1070.8	1143.88 (3/7)	888.50 (12/1)
CROSS-BORDER					
FTSE E300 (25/7/87)	1087.52	1083.53	1107.09	1327.88 (2/7)	[illegible] (9/10)
FTSE E100(26/4/90)	2500.52	2485.47	2554.17	3086.81 (2/7)	2049.91 (8/10)
HSBC Dragon(31/12/88)	(a)	215.73	218.62	238.81 (2/3)	181.71 (5/10)
[illegible]	118.28	115.08	114.44	180.08 (2/4)	88.64 (11/8)

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (MATIF-ACCINEF) (200 x Index)							
Nov	3655.0	3590.0	−10.0	3673.0	3588.0	62,842	206,210
Dec	3685.0	3588.5	−9.50	3684.0	3588.0	5,752	79,070
DAX							
Dec	4878.5	4824.0	+13.0	4930.0	4816.0	23,155	82,020
Mar	4925.0	4884.0	+15.5	4968.0	4884.5	157	2,813
DMX							
Nov	653.00	646.00	+8.50	658.00	643.50	21,745	214,082
Dec	654.90	647.00	+0.75	657.50	646.50	1,713	2,671
SOFFEX							
Dec	6670.0	6675.0	+105.0	6720.0	6540.0	20,533	159,260
Mar	6727.0	6696.0	+109.0	6727.0	6570.0	122	4,798

US INDICES

Dow Jones	Nov 6	Nov 4	Nov 3	1998 High	1998 Low	Since compilation High	Since compilation Low
Industrials	8916.47	8783.14	8706.13	9337.97 (17/7)	7539.07 (31/8)	9337.97 (17/7/98)	41.22 (8/7/32)
Home Bonds	106.80	106.53	106.58	107.02 (5/10)	104.42 (11/5)	107.02 (5/10/98)	54.99 (1/10/81)
Transport	2860.62	2813.06	2918.52	3866.83 (16/4)	2345.00 (8/10)	3866.83 (16/4/98)	13.23 (8/7/32)
Utilities	307.06	308.98	307.77	330.51 (9/1)	282.88 (8/10)	330.51 (9/1/98)	16.93 (8/7/32)

DJ Ind. Day's high 8942.79 (8888.48) Low 8876.55 (8660.33) (Thursday's)
Day's high 9017.27 (8864.60) Low 8714.81 (8705.47) (Actuals)

Standard and Poors	Nov 6	Nov 4	Nov 3	1998 High	1998 Low	Since compilation High	Since compilation Low
Composite†	1123.66	1114.67	1110.84	1186.75 (17/7)	927.69 (8/1)	1186.75 (17/7/98)	4.40 (1/6/32)
Industrials¶	1349.09	1362.66	1328.81	1386.48 (17/7)	1077.40 (9/1)	1386.48 (17/7/98)	3.92 (30/6/32)
Financial¶	125.10	122.23	119.79	147.89 (14/7)	95.80 (8/10)	147.89 (14/7/98)	7.13 (4/6/74)
Others							
NYSE Comp.	662.18	656.14	651.80	660.25 (17/7)	477.20 (8/10)	660.25 (17/7/98)	4.64 (25/4/42)
Amex Comp	666.02	660.50	664.42	703.67 (22/4)	563.75 (8/10)	703.67 (22/4/98)	524.20 (16/7/98)
NASDAQ Comp	1837.10	1803.37	1798.43	1914.25 (20/7)	1419.12 (8/10)	2014.25 (20/7/98)	54.87 (3/10/74)
Russell 2000	386.79	382.88	387.56	481.41 (21/4)	310.26 (8/10)	481.41 (21/4/98)	123.38 (7/12/93)

RATIOS

Dow Jones Ind. Div. Yield	Oct 30	Oct 23	Oct 16	Year ago
	1.75	1.77	1.78	1.87

	Nov 4	Oct 28	Oct 21	Year ago
S & P Ind. Div. yield	(a)	1.38	1.36	1.50
S & P Ind. P/E ratio	(a)	31.32	31.24	25.28

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Citgrp	16,041,900	45¼	+9
Iomega Cp	11,888,600	9	+1
AmOnLine	8,432,900	139⅞	−¼
WorldCr	7,641,300	39⅝	+1⅛
Compaq	7,268,400	31⅞	−⅛
Disney	7,005,500	30¼	+1¼
Nitrom	6,857,000	38⅞	+1½
Seagate	6,438,800	29⅝	−⅛
BankAm	6,010,900	62⅝	+2⅛
AT&T	5,763,100	62¼	+2⅛

TRADING ACTIVITY

	Nov 5	Nov 4	Nov 3
New York SE	770.210	861.190	704.320
Amex	25.058	31.113	25.129
NASDAQ	921.725	1,053.8	892.339
NYSE			
Issues Traded	3,511	3,531	3,541
Rises	1,766	2,061	1,814
Falls	1,267	1,002	1,420
Unchanged	458	468	507
New Highs	71	90	57
New Lows	24	10	15

	Open	Latest	Change	High	Low	Est. vol.	Open int.
S&P 500							
Dec	1140.50	1138.00	+13.40	1142.00	1125.10	112,592	384,907
Nikkei 225							
Dec	14300.0	14190.0	−70.0	14320.0	14140.0	18,498	187,488

Open interest figures for previous day

AFRICA

PACIFIC

EASDAQ

Prices supplied by Extel, part of FT Information.

NOTES – Prices on this page are quoted on the individual exchanges and are mostly last trade prices. * Calendar year high and low. # Dividends suspended, not Ex dividend. ‡ Ex scrip issue. ♦ Ex rights. ‡ Ex all. ¶ Priced in US $.

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WORLD STOCK MARKETS

Dow creeps closer toward 9,000 level

AMERICAS

Wall Street overcame a mixed morning with the Dow Jones Industrial Average edging up close to the 9,000 level by early afternoon, *writes John Labate in New York*.

Equities moved higher in spite of the dull trend of US Treasuries, which moved lower following three auctions and renewed speculation about the willingness of the Federal Reserve to lower interest rates at its upcoming meeting.

By early afternoon the benchmark long bond was down 1½ to 97¾, sending the yield higher to 5.411 per cent.

Technology and small-cap shares again supported the broader market. By early afternoon, the Dow had gained 38.62 or 0.4 per cent to 8,954.09 while the Standard & Poor's 500 index was 3.3 higher to 1,137.11.

Ralph Acampora, the technical analyst for Prudential Securities who called a bear market in August, said the market had seen its low in October and would re-test its old highs.

The Nasdaq composite index, which is weighted in high-tech shares, rose 8.54 to [illegible]45.64. The Russell 2000 index of small-company shares gained 3.03 or 0.76 per cent to 399.82.

Among the sharpest risers in Dow stocks, Allied Signal was $1¼ higher to $42¾, while Citigroup gained $1¼ to $46¼. But some cyclical company stocks were sold off after a strong run earlier in the week. Caterpillar fell $1⅛ to 48\frac{11}{16}$.

Barnes & Noble, the book retailer, shot up more than 10 per cent or $3¾ to $34 after it said it would acquire the largest book distributor in the US. Shares in online rival Amazon.com fell $3 to $125½.

Other retailers were mixed, with Wal-Mart up 1\frac{1}{16}$ to 71\frac{1}{16}$.

Shares in Geron, the biotech company, jumped $9¼ to $19 on news it had backed a breakthrough in the growth of human cells.

TORONTO was little changed in early trading with shares showing no initial inclination to move out of a narrow trading range. The 300 composite index was off 3.12 at 6,409.90 at noon.

Banks were dull with Royal Bank off 55 cents at C$70.05 and Toronto Dominion down 35 cents at C$45.45. Golds were equally dull. Barrick dipped 85 cents to C$34.20 and Placer Dome came off C$1.20 at C$25.55.

In industrials, Alcan Aluminium came off 45 cents to C$41.70 and Seagram tumbled 2.65 to C$56.90.

SAO PAULO continued to push higher in early trading, adding 167 or 2.1 per cent to 8,259 on the benchmark Bovespa index at midsession to enhance the strong gains notched up over the past four sessions.

Telebrás receipts gained 1.9 per cent to R$105.30, while Petrobrás gained 1.1 per cent to R$183.

MEXICO CITY reversed early gains to lose 5.18 at 4,255.80 at midsession. A Merrill Lynch upgrade for a number of leading banks put life into the sector. Banacci rose 1.76 pesos to 13.56 pesos.

SANTIAGO pushed higher, with the IPSA index up 1.64 or 2.1 per cent at 79.80 at midsession.

Rate cut rally peters out

SOUTH AFRICA

Johannesburg prices fell away after recent gains on rate cuts. The all share index closed down 6.4 or 0.1 per cent at 6,024.3.

Financials gave away 35 or 0.4 per cent due to profit-taking, ending at 9,816.8 while gold was up 5.7 or 0.6 per cent at 984.8.

Industrials climbed 13.4 or 0.2 per cent to 6,843.9.

Milan banks climb before merger meeting

EUROPE

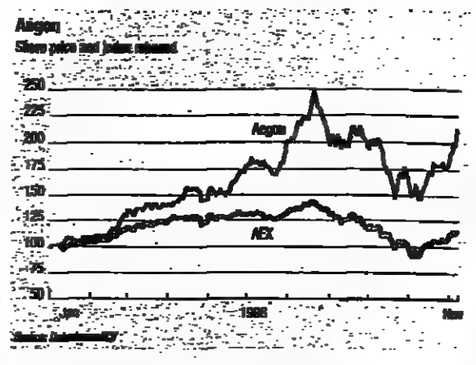
Another strong session for banks enabled **MILAN** to close the week with a slight rally, although the rest of the market was largely unmoved. The real-time Mibtel index finished 158 higher at 20,700.

BCI put on L350 to L11,817 and Banca di Roma gained L117 to L3,099 as merger talks heated up before BCI's board meeting on Monday. Reports of behind-the-scenes talks between key shareholders in the two banks sent the shares soaring.

Shares in IFIL rose L351 to L6,149 as the Agnelli family holding company was reported to have met key Banca di Roma shareholder Deutsche Bank. The family owns stakes in both Banca di Roma and San Paolo-IMI, the rival for a BCI alliance.

Mediaset shot up L638 to L11,149 on reports the Berlusconi company could sign a letter of intent with Germany's Kirch group on a European television project.

AMSTERDAM rose 12.47 or 1.3 per cent to 1,057.31 on the AEX index thanks mostly to a surge of more than 7 per cent for Aegon, the financial giant.



Source: Datastream

An isolated firm feature in financials, Aegon jumped Fl 13.10 to Fl 191.60 on news the stock was to be included in the Morgan Stanley Capital index from this month.

Unilever added Fl 3.20 to Fl 142.20 after better-than-expected third-quarter earnings. KLM, hit by disappointing results from Norwegian partner Braathens plus weak load factors for October, tumbled Fl 3.90 or 6.8 per cent to Fl 53.20.

PARIS ended little changed with the CAC-40 index off 7.55 at 3,588.63 in thinnish volume, but well below the best of the day of 3,653.33.

Thomson-CSF lost ground after the recent run-up on defence consolidation, dipping FFr11 or 5.2 per cent to FFr200 and Lagardère shed FFr3 at FFr225.

In contrast, Sanofi continued to ride high on the back of an upgrade at Morgan Stanley Dean Witter. The shares gained FFr59 at FFr960 for a two-day advance of more than 10 per cent.

FRANKFURT found early reassurance in Wall Street's overnight strength and the firmer dollar, but an uncertain start in US trading pulled the Xetra Dax index back from a high of 4,906.91 to close 14.45 better on the day at 4,809.73.

Bank stocks were back in business, although their advances tended to be exaggerated by thin trade. HypoVereinsbank jumped DM8.15 to DM130.15 on the resolution of an internal rift that had threatened a split between former Vereinsbank and Hypo-Bank staff.

Commerzbank rose DM2.40 to DM52.50 and Dresdner Bank was flat at DM66. Deutsche Bank was 80 pfg firmer at DM106 as Goldman Sachs dismissed rumours it had upgraded the stock, saying its rating remained "outperformer".

Car stocks were mixed, although analysts said some of the recent market pessimism seemed overdone. Daimler-Benz put on DM1 to DM 139, VW picked up 50 pfg to DM130, but BMW eased DM14.90 to DM 1,185.05.

Preference shares in Fresenius put on DM10 to DM310 as the dialysis and pharmaceutical company, and its Medical Care business, posted nine-month results. Fresenius said later it expected double-figure sales growth for 1998 with an increase in profit significantly above that of sales.

ZURICH put on 1.5 per cent as short-covering transactions lifted the market. The SMI index finished 96.0 higher at 6,653.5.

Pharmaceuticals found favour, with Novartis up SFr45 to SFr2,490 in heavy trade, while Roche certificates added SFr160 to SFr15,900.

Insurers bounced back after Thursday's losses. Baloise rose SFr52 to SFr1,102 and Swiss Life climbed SFr27 to SFr891.

MADRID ended 8.47 higher at 809.03 on the general index with another rise for Endesa helping sentiment.

Endesa, a leading utility, which announced a restructuring plan, rose Pta35 to Pta3,675 for a two-day gain of almost 2 per cent.

Written and edited by Michael Morgan, Jeffrey Brown, Caroline von Loewenich and Paul Gregan.

Fears mount for Tokyo economy

ASIA PACIFIC

Growing worries over the state of the economy triggered widespread selling in **TOKYO**, *writes Michiyo Nakamoto*.

The Nikkei 225 average was battered by selling on concerns that the government would not act speedily enough to deal with the dire economic situation.

THE WEEK'S CHANGES

	% change
Jakarta	+17.6
Bangkok	+13.9
Kuala Lumpur	+11.8
Seoul	+8.0
Wellington	+7.6
Singapore	+6.6
Tokyo	+4.1
Manila	+2.3
Sydney	+1.8
Hong Kong	-0.2
Taipei	-3.0

These worries arose after it became clear debate on permanent tax cuts would not begin in the emergency Diet session this month.

A sharp upturn in New York and news that the UK government had cut a key interest rate failed to turn the mood. The Nikkei dropped 219.40 to close at the day's low of 14,121.97, off a high of 14,309.99.

The Nikkei 300, weighted by capitalisation, declined 3.76 to 217.09, while the Topix index of all listed shares slipped 15.10 to 1,089.47. Declining issues outnumbered advancers 763 to 363, with 167 unchanged.

In addition to disappointment over the delay in Diet deliberations over tax cuts, the market was affected by news the government believes the state of the economy remains severe.

Profit-taking ruled the day, with many of the issues that had gained earlier in the week falling victim.

Banks were down almost across the board in heavy trading. Sakura Bank, which has been a featured stock this week and was the most heavily traded issue yesterday, declined Y9 to Y328.

Fuji Bank fell Y11 to Y508 in spite of announcing it would set up an investment trust joint venture with Dai-ichi Kangyo Bank. The news had earlier sent Fuji Bank's shares higher.

Real estate issues also suffered, with Mitsui Fudosan, a leading property developer, declining Y76 to Y809 on news that it had seen steep declines in profits and sales in the first half.

BANGKOK extended its rally into a fifth straight session, as news that a number of banks were to cut rates sent the market up 4 per cent. The SET index gained 14.52 to 376.60, its highest close since May.

The banking sector led the advance, rising 13 per cent, followed by properties, which put on 12 per cent.

SINGAPORE fell on profit-taking and the Straits Times index ended off 15.76 or 1.2 per cent at 1,283.76.

Keppel Corp was the focus of most investor attention following news of a planned restructuring. Keppel gained 14 cents to S$3.54 in 16.4m traded. Its Keppel Fels and Keppel Integrated offshoots jumped 28 per cent and 41 per cent respectively.

MANILA ended 35.77 or 2 per cent higher at 1,797.37 on the composite index, boosted by another solid day for the peso and positive inflation news. Banks led the way up. Metrobank rose 10 pesos or 4.2 per cent to 246 pesos.

HONG KONG was easier as investors caught their breath after the market's gains and Thursday's correction. The Hang Seng index lost 83.23 to 10,139.75.

Brokers said the continuing round of share placements by red-chip companies took some steam out of the market, although the activity did boost turnover to a healthy HK$9.6bn against Thursday's HK$7.9bn.

Index heavyweight HSBC Holdings eased 50 cents to HK$186 and did not top the list of the most heavily traded stock by value as it usually does.

Activity was heavier in Shanghai Industrial Holdings, down HK$1.70 to HK$18.70 as it announced it would issue 40m new shares.

FTSE Actuaries Share Indices [illegible] **The European Series**

Produced in conjunction with [illegible]

November 06

National & Regional Markets	Ecu Index	Day's %	Change points	Yield gross %	xd adj ytd	Total retn (Ecu)
FTSE Eurotop 300	1007.52	+0.37	+3.91	2.62	20.73	1124.36
FTSE Eurotop 100	2504.52	+0.20	+5.02	2.54	39.65	895.11
FTSE Eubloc 100	905.81	+0.11	+1.00	2.34	14.33	921.75
FTSE Eurotop 300 Regions						
Eurobloc	1142.54	+0.15	+1.7[illegible]	2.21	20.80	1160.11
UK	1003.55	+0.47	+4.7[illegible]	2.94	48.28	1073.13
Europe Ex-Eurobloc	1042.64	+0.60	+6.30	2.65	17.52	1059.81
Europe Ex-UK	1137.23	+0.42	+4.57	2.29	19.33	1155.76
FTSE Eurotop Industry Sectors						
RESOURCES	849.04	[illegible]	[illegible]	[illegible]	21.67	50[illegible]
Extractive Industries	908.57	+1.25	+10.02	[illegible]	14.54	925.65
Oil Integrated	813.18	+1.16	+0.60	[illegible]	20.16	[illegible]
GENERAL INDUSTRIES	935.47	+0.7[illegible]	+7.21	[illegible]	20.14	1000.20
Construction	947.96	+0.45	+4.21	[illegible]	11.0[illegible]	953.02
Building Matls & Merchs	820.18	-0.02	[illegible]	[illegible]	[illegible]	[illegible]
Chemicals	836.72	+1.45	+12.21	1.98	17.40	850.47
Diversified Industrials	907.10	-0.65	[illegible]	[illegible]	17.2[illegible]	922.66
Electronic & Elect Equip	836.57	-1.45	-12.[illegible]	1.09	4.93	847.62
Engineering	829.56	-0.42	[illegible]	2.46	11.05	[illegible]
Paper, Pckg & Printing	764.01	+1.70	[illegible]	[illegible]	1.21	765.78
CONSUMER GOODS	1119.64	+1.1[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Automobiles	827.66	+0.41	[illegible]	[illegible]	10.77	835.54
Alcoholic Beverages	[illegible]	+1.41	[illegible]	[illegible]	[illegible]	[illegible]
Food Producers	938.55	-1.32	-12.[illegible]	1.69	9.79	947.08
Household Goods & Texts	[illegible]	0.45	+4.0[illegible]	1.35	7.08	909.10
Healthcare	[illegible]	+1.40	[illegible]	1.37	12.51	922.48
Pharmaceuticals	[illegible]	+1.15	+11.15	1.30	5.27	912.29
Tobacco	1203.26	-0.10	-1.20	4.15	16.88	1219.40
SERVICES	1103.06	+0.62	+6.84	2.12	21.95	1125.75
Distribution	768.73	-0.35	-2.72	2.85	11.37	777.43
Leisure & Hotels	730.62	-1.71	-6.25	3.56	12.27	740.16
Media	957.18	+1.17	+11.11	2.29	10.68	967.41
Retailers Food	1007.43	+1.42	+14.03	2.02	12.84	1020.66
Retailers General	907.78	+0.20	+2.58	[illegible]	17.45	923.47
Telecommunications	1013.76	+0.43	+4.34	1.00	13.02	1026.08
Breweries, Pubs & Rests	737.07	-0.50	-3.74	[illegible]	14.20	748.27
Support Services	936.55	+0.41	+3.83	1.56	9.87	946.49
Transport	925.02	+0.87	-7.95	2.01	10.18	940.48
Information Technology	901.61	+1.37	+12.19	0.40	2.33	903.75
UTILITIES	1389.35	+0.38	+5.29	2.14	55.62	1467.07
Electricity	1045.09	+0.12	+1.26	3.37	26.23	1073.01
Gas Distribution	1142.30	+1.16	+13.05	1.61	93.32	1257.73
Water	982.70	+0.42	+4.14	5.09	38.72	1020.23
FINANCIALS	1155.21	+0.79	+9.02	2.82	27.32	1186.11
Banks, Retail	786.54	+0.51	+4.03	3.66	12.98	807.24
Insurance	898.88	+0.45	+4.04	1.54	11.79	909.71
Life Insurance	1059.42	+3.58	+36.68	1.82	12.88	1073.18
Other Financial	828.17	-0.44	-3.68	2.32	15.95	842.00
Investment Companies	884.46	+0.66	+5.84	1.52	20.65	911.19
Property	711.42	+5.18	+35.02	2.41	18.01	724.49

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LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

The data is delivered by Extel, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order which denotes the day's highest and lowest trades. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. The size of individual deals are rounded to the nearest thousand and represented within parentheses, where available. ‡ Bargains at special prices. * Bargains done the previous day.

UK Treasury Strips

UK Treasury Strip 07Jun1999Cpn - 96.38 (30Oc98)
UK Treasury Strip 07Dec1999Cpn - 93.68 (30Oc98)
UK Treasury Strip 07Jun2000Cpn - 91.32 (30Oc98)
UK Treasury Strip 07Dec2000Cpn - 89.67 (30Oc98)
UK Treasury Strip 07Jun2001Cpn - 87.81 (30Oc98)
UK Treasury Strip 07Dec2001Cpn - 85.87 (30Oc98)
UK Treasury Strip 07Jun2002Cpn - 83.74 (30Oc98)
UK Treasury Strip 7% 07Jun2002Principal - 4.97
UK Treasury Strip 07Dec2002Cpn - 81.66 (30Oc98)
UK Treasury Strip 07Jun2003Cpn - 79.81 (30Oc98)
UK Treasury Strip 07Dec2003Cpn - 78.22 (30Oc98)
UK Treasury Strip 07Dec2016Cpn - 40.783715 (29Oc98)
UK Treasury Strip 07Jun2017Cpn - 39.897105 (29Oc98)
UK Treasury Strip 07Dec2017Cpn - 38.993732 (29Oc98)
UK Treasury Strip 07Jun2018Cpn - 38.153645 (29Oc98)
UK Treasury Strip 07Dec2018Cpn - 37.332483 (29Oc98)
UK Treasury Strip 07Jun2019Cpn - 36.521407 (29Oc98)
UK Treasury Strip 07Dec2019Cpn - 35.749777 (29Oc98)
UK Treasury Strip 07Jun2020Cpn - 35.055652 (29Oc98)
UK Treasury Strip 07Dec2020Cpn - 34.181545 (29Oc98)

Corporation and County Stocks

Dudley Metropolitan Borough Council 7% Ln Stk 2019 - 109½ (02No98)
Leicester (City of) 7% Ln Stk 25/1/2019 - 110 (04No98)
Lincoln Corp 3% Red Stk (in or after) 1919 - 35 (30Oc98)
Manchester Corp 1891 3% Red Stk (1941) - 44 (29Oc98)
Sunderland (Borough of) 11¾% Red Stk 2008 - 141 (04No98)

UK Public Boards

Metropolitan Water 3% 'A' Stk 63/2003 - 90 (02No98)

Foreign Stocks, Bonds etc- Coupons Payable in London

BAA PLC 5¾% Cnv Bds 2008 - 127 (04No98)
COLT Telecom Group PLC 2% Snr Cnv Nts 2005 DEM (Br) (Reg S) - DM0.849533 85.3333 (29Oc98)
Cunrace Group PLC 5.75% Cnv Bds 2007 £ (Var) - 159½ (03No98)
European Investment Bank 9¾% Bds 25.08.17 £ (Var) (Br) - 137.6484375 (04No98)
Great Portland Estates PLC 5¾% Cnv Bds 2009 £ (Var) - 91 (04No98)
Land Securities Finance (Jersey) Ld 6% Gtd Cnv Bds 2007 (Reg) - 111 (02No98)
National Westminster Bank PLC 11½% Und Sub Nts (Cnv to Prf) (Br) - 141 (03No98)
National Westminster Bank PLC 11½% Und Sub Nts £1000 (Cnv to Prf) - 143½ (03No98)
Tomkins Finance (Jersey) PLC 6½% Cnv Cap Bds 04/04/06 (Reg) - 104¼ (04No98) 5 (04No98)
United News & Media PLC 6¾% Sub Cnv Bds 2003 (Reg) - 102¾ (29Oc98)

Debt Issuance Programmes

3i Hldgs PLC Flg Rte Nts 2002 - £98½ (02No98)
Depfa Finance NV 7.75% Nts 2001 - 104.42 (04No98)
Merrill Lynch & Co, Inc Flg Rte Nts 07/2002 - £97.72 (02No98)
Midland Bank PLC Flg Rte Nts 18/09/02 - £99.61 (02No98)
Morgan Stanley Dean Witter & Co Call Flg Rte Nts 03/04/02 - 107¾ (02No98)
Woolwich PLC Flg Rte Nts 3/2001 £ (Br) - £99.85 (02No98)

Sterling Issues by Overseas Borrowers

Asian Development Bank 10¾% Ln Stk 2009 (Regd) - 131½ [illegible]
Bank of Greece 10¾% Ln Stk 2010 (Regd) - 125 (04No98)
European Investment Bank 10¼% Ln Stk 2004 (Regd) - 122 (03No98)
European Investment Bank 9½% Ln Stk 2009 - [illegible]
Finland (Republic of) 11½% Ln Stk 2009 (Regd) - 144.062 .08375 (03No98)

Listed Companies (excluding Investment Trusts)

Abbey National PLC 10⅜% Non-Cum Stg Prf Shs £1 - 157½ (04No98) ¾ (04No98) ⅞ (04No98)
Abbey National PLC 8⅝% Non-Cum Stg Prf £1 - 132 (04No98)
Adscene Group PLC 7.8% (Net) Sar'2'Cnv Prf Shs £1 - 93 (03No98) 7 (03No98) 7 (03No98)
Aggregate Industries PLC 11.25p Cum Red Prf 2005 10p - 131 (03No98)
Aggregate Industries PLC 7.25p (Net) Cnv Cum Red Prf 25p - 106.8 (02No98)
Akzo Nobel UK PLC 7⅝% Uns Ln Stk 2000/05 - 100⅛ (03No98)
Albert Fisher Group PLC ADR (10:1) - 1.27 (04No98)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 89 (30Oc98)
Allied Domecq PLC ADR (1:1) - 9.00 (04No98)
Allied Domecq PLC 5¾% Cum Prf £1 - 100 (04No98)
Allied Domecq PLC 7½% Cum Prf £1 - 82 (02No98)
Allied Zurich PLC Ord 25p - 706 (4, 5, 1) 8 (1, 0) 10 (4, 1, 0, 1) ½ (10) 1 (1, 10, 7, 15, 2, 6, 30) ½ (0, 2, 5, 1) 2 (1, 0, 1, 0, 1, 46) ½ (1, 0, 1, 2, 1, 4, 20, 1, 0, 1) 3 (0, 10, 1, 4, 38, 4, 36, 27, 1) ½ (87, 10, 75, 20, 0, 1, 0, 1, 20, 1, 14, 1, 15, 1, 4, 1) 4 (0, 2, 3, 1, 6, 0, 25) 4 (03No98) ½ (3, 0, 3, 6, 2, 3, 2, 3, 2, 1, 0, 1, 0) .91 (58) 5 (0) 58 (04No98) 5 (1, 3, 1, 0, 6, 1, 40, 38, 30, 21, 12, 40, 2, 10, 40, 0, 1, 0, 3, 0, 1, 0, 50) ½ (0, 5, 10, 5, 4, 5, 2, 1, 2, 32) 6 (2, 3, 1, 4, 0, 46, 1, 40, 0, 1, 9, 1) ½ (1, 4, 6) 7 (11, 6, 4, 2, 1, 0, 1, 0, 19, 10, 0, 1, 0, 5, 0, 15, 25, 30, 27, 1, 6, 8) ½ (0) 8 (3, 4, 13, 6, 4, 0, 3, 6, 10, 0, 4, 3, 2, 75, 2, 8, 75, 2, 0, 30, 10, 2, 8) ½ (0, 4, 30) 9 (4, 0, 1, 0, 1, 10, 0, 10, 0, 10, 1, 7, 2, 10, 3, 2, 4, 0, 20) 20 (0, 7, 27, 13, 7, 6, 4, 6, 24, 8, 1, 0) ½ (11) 1 (1, 8, 1, 11, 0, 15, 4, 6, 0, 1) ½ (0, 1, 2, 10) .75 (15) 2 (3, 0, 6, 0, 3, 8) 2 (02No98) ½ (0, 1, 37, 1, 10, 30, 15, 1, 2, 1, 2, 4, 0, 4, 1, 13, 1, 20) .66 (9) 7 (2) .75 (4) .84 (81) 3 (1, 2, 10, 20, 0, 100, 1, 15, 0, 4, 20, 1, 0, 75, 0, 1, 0, 10, 1, 0, 1, 0, 1, 0, 8, 41, 20, 5, 1, 2, 0, 3, 1, 8, 25, 10, 2, 25, 13, 1, 20, 15, 4, 34, 23, 30, 5, 2) .25 (5) ½ (0, 1, 0, 1, 0, 1, 0, 1, 0, 3, 0, 1, 4, 0, 5, 30, 60) 4 (0, 6, 1, 19, 3, 0, 1, 0, 1, 2, 1, 0, 1, 0, 17, 42, 25, 1, 21, 9, 15, 1, 7, 3, 0) ½ (100, 0, 2, 1) 5 (22, 3, 0, 10, 0, 28, 100, 25, 10) ½ (3, 0, 1, 0, 4) 6 (0) * 6 (04No98) ½ (17, 10, 1) 7 (10, 0, 15, 0, 1) ½ (0) 8 (1) 30 (1, 2, 1, 2) 2½ (04No98) 3.38 (04No98) 4.28 (04No98) 6½ (04No98) 8½ (04No98) 9½ (04No98) 58 (8) 40 (04No98) 689 (04No98) 5 (04No98) 53.2284 (04No98)
Alvis PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 94 (04No98)
Andrews Sykes Group PLC Cnv Cum Prf 50p - [illegible]
Anglian Water PLC 'B' Shs 58p - 48 (1, 0, 1, 0, 1) 54 (25) 44 (2)
Anglo Irish Capital Funding Ld Ser'A'S Flg Rte Non-Cum Gtd Non-Vtg Prf - 525.24 (29Oc98)
Arcadia Group PLC 8% Uns Ln Stk 96/2001 - 98 (20Oc98) 8½ (04No98)
Austin Reed Group PLC 8% Cum Prf £1 - 96 (03No98)
Automotive Products PLC 8% Cum Prf £1 - 116 (03No98)
BAA PLC ADR (1:1) - 10.55 (03No98)
Bailey (C.H.) PLC Ord 10p - 8 (03No98)
Barclays Bank PLC 12% Uns Cap Ln Stk 2010 - 143 (03No98)
Barclays Bank PLC 16% Uns Cap Ln Stk 2002/07 - 133 (04No98)
Barclays PLC ADR (4:1) - 86 (03No98)
Bass PLC 'B' Shs 95⅞p - 90 (2, 3, 1, 3, 0, 2, 0, 1)
Bass PLC ADR (1:1) - 12.1875 (04No98) .5 (04No98) .6875 (04No98)
Bass PLC 10¼% Deb Stk 2016 - 151 (04No98)
Bellway PLC 9.5% Cum Red Prf 2014 £1 - 128 (04No98)
BET PLC 5% Perp Deb Stk - 67 (03No98)
BG PLC 'B' Shs 30p - 28 (0, 1, 0, 1, 0) 8 [illegible] 8 (04No98) 8 (04No98) 8 (04No98) 31 (5, 2)
BG PLC ADR (5:1) - 33.875 .86 4 (30Oc98)
Biocompatibles International PLC Wts to Sub for Ord - 3½ (100, 275) 4 (10, 12, 25, 1) 5 (25, 50) ½ (100)
Birmingham Midshires Building Soc 9⅜% Perm Int Bearing Shs £1000 - 135⅝ (04No98) ¾ (04No98) 7 (04No98)
Blacks Leisure Group PLC 10% Cum Prf £1 - 123 (03No98)
BLP Group PLC 8p (Net) Cnv Cum Red Prf 10p - 95 (30Oc98)
Blue Circle Industries PLC ADR (1:1) - 5.78 (04No98) .875 (04No98)
Blue Circle Industries PLC 5¼% Uns Ln Stk (1975 or after) - 85 (02No98)
BOC Group PLC ADR (2:1) - 29.8 (04No98)
Boots Co PLC ADR (2:1) - 29.2 (04No98) 30 (04No98)
Bournemouth & West Hampshire Water PLC 8.5% Cum Ird Prf £1 - 139 (04No98)
Bradford & Bingley Building Society 11⅝% Perm Int Bearing Shs £10000 - 169 (04No98)
Bradford & Bingley Building Society 13% Perm Int Bearing Shs - 187 (04No98) ½ (04No98)
Bradford Property Trust PLC 10½% Cum Prf £1 - [illegible]
Brent International PLC 9% Cum Red Prf £1 - 117 (30Oc98)
Bristol & West PLC Prf £1 - 131 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98)
Bristol & West PLC 13⅜% Uns Perp Sub Bds - 167 (04No98) 90 (04No98)
Bristol Water PLC 8¾% Cum Ind Prf £1 - 153 (04No98) 3 (04No98) 4½ [illegible]
Britannia Building Society 13% Perm Int Bearing Shs £1000 - 185 (04No98) 5 (04No98) 6 (04No98) ¾ (04No98)
Britannic Assurance PLC 5% Tax-Free Cum Prf Stk £1 - 80 (04No98)
British Airways PLC ADR (10:1) - 68.875 (28) 9.125 (9) .2 (25) .25 (5) .875 (1) .95 (25) 75.375 (04No98) .375 (04No98) .75 (04No98)
British Land Co PLC 10½% Dtd 1st Mtg Deb Stk 2019/24 - 143½ (04No98)
British Petroleum Co PLC ADR (6:1) (Each Cnv into 6 Ord 25p) - 90.875 (1) * .9 (20) .9375 (20) .95 (10) 1 (7, 10) .03 (25) .06 (20) .125 (10, 13, 10) .1875 (6) .1875 (04No98) .1957 (50) .2 (13) .22 (20) .25 (18, 10, 3, 10, 15) .28 (10) .29 (34) .3125 (30) .35 (10) .375 (54) .4375 (10) .4658 (93) .5 (10) .5625 (10) .5728 (04No98) .58 (10) .6019 (75) .621946 (28) .625 (10, 1, 9, 50) .6875 (2)
British Petroleum Co PLC 8% Cum 1st Prf £1 - 116 (02No98)
British Sky Broadcasting Group PLC ADR (6:1) - [illegible]
British Steel PLC ADR (10:1) - 18.125 (04No98) .1875 (04No98) .1875 (04No98) .27 (04No98) .3125 (04No98) .3125 (04No98) .375 (04No98) .375 (04No98) .375 (04No98) .625 (04No98)
British Steel PLC 11½% Deb Stk 2016 - 151½ (27Oc98) 2½ (03No98)
British Sugar 10¾% Red Deb Stk 2013 - 142.46 .61 3.9 (29Oc98)
British Telecommunications PLC ADR (10:1) - 138 (04No98) .75 (04No98)
Brixton Estate PLC 9.5% 1st Mtg Deb Stk 2026 - 154 (28Oc98)
Brixton Estate PLC 10¾% 1st Mtg Deb Stk 2012 - [illegible] (02No98)
Brunel Holdings PLC 4.8p (Net) Cnv Cum Red Prf 20p - 33 (04No98) 4 [illegible]
BTR PLC ADR (4:1) - 7.15 (04No98) .55
BTR PLC Non-Cum Red Prf Shs 26⅝p - 33 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) ½ (04No98) ½ (04No98)
Bulgin PLC Ord 5p - 132 (04No98) 2 (04No98) 30 (04No98)
Bulmer (H.P.) Hldgs PLC 8¾% 2nd Cum Prf £1 - 129½ (04No98) ½ (04No98) 30 (04No98)
Burmah Castrol PLC ADR (2:1) - 31.08 (04No98)
Cable & Wireless Communications PLC ADR (5:1) - 38.375781 .480717 .825 .875 (03No98)
Cadbury Schweppes PLC ADR (4:1) - 63.5 (04No98)
Callyns PLC 6¾% Cum 1st Prf £1 - 65 (02No98)
Calgary & Edmonton Railway Co 4% Cons Deb Stk (Gtd By C.P.Ld) 2002 - 62 (30Oc98)
Caradon PLC 'B' Shs £1 - 92 (0)
Carlton Communications PLC ADR (5:1) - 37.375 (3) .75 (2)
Carlton Communications PLC 6.5p (Net) Cum Cnv Prf - 125 [illegible] ½ (04No98) 30½ (04No98)
Cathay International Hldgs PLC 10% Cum Prf £1 - 130 (04No98)
Celtic PLC 6% Cnv Cum Prf 60p - 205 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 15 (04No98)
Cgu PLC 8⅝% Cum Ird Prf £1 - 142⅝ (04No98) ¾ (04No98) ¾ (04No98) ¾ (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98)
Cgu PLC 8¾% Cum Irr Prf £1 - 152½ (04No98) ¾ (04No98) .67 (04No98) ¾ (04No98) ¾ (04No98) ¾ (04No98) 3 (04No98)
Cheshire Building Society Flg Rte Perm Int Bearing Shs - 106 (03No98)
City Site Estates PLC 5.25% Cnv Cum Red Prf £1 - 67 (04No98) 70½ (04No98)
Coats Patons Ld 6¾% Uns Ln Stk 2002/07 - 99 (02No98)
Coats Viyella PLC 4.9% Cum Prf £1 - 73 (03No98)
Coats Viyella PLC 6¾% Snr Cnv Bds 09/09/03 £1000 (Rg) - 73 (04No98) 5½ (04No98) 6 (04No98)
Cookson Group PLC 7% Cnv Bds 2/11/2004 (Rg) - 97⅞ (04No98) 8 (04No98)
Co-Operative Bank PLC 9.25% Non-Cum Ird Prf £1 - 122⅝ (04No98) ¾ (04No98) 3¼ (04No98)
Co-Operative Wholesale Society Ld 7¾% 1st Mtg Deb Stk 2016 - 114½ (04No98)
Coventry Building Society 12⅛% Perm Int Bearing Shs £1000 (Reg) - 173 (04No98) 4 (04No98)
Craig & Rose PLC Ord Stk £1 - 350 (02No98)
Crane Europe Ld 5½% Cum Prf Stk £1 - 75 (29Oc98)
Daws Estates PLC 10¾% 1st Mtg Deb Stk 2012 - 103 (04No98) 4 (04No98)
Debenhams Retail PLC 7⅛% Uns Ln Stk 2002/07 - 95 (04No98)
Dee Valley Group PLC Non Vtg Ord 5p - 415 (29Oc98)
Delta PLC 3.15% Cum 2nd Prf £1 - 70 (04No98)
Dewhirst Group PLC 8.75% Cum Prf £1 - 140 (04No98)
Dewhurst PLC Ord 10p - 48 (02No98)
Diageo PLC ADR (4:1) - 43.3125 (04No98) .325 (10) .9 (04No98) 4.03 (04No98) .05 (04No98) .125 (04No98)
Dixons Group PLC ADR (2:1) - 32.64 (04No98)
East Surrey Hldgs PLC 7.8% Cum Ird Prf £1 - 130⅝ (02No98)
Ecclesiastical Insurance Office PLC 8.625% Non Cum Irr Prf £1 - 134⅝ (04No98) 5⅛ (04No98) ½ (04No98)
Ecclesiastical Insurance Office PLC 10% Red 2nd Cum Prf £1 - 115 (02No98)
Eclipse Blinds PLC Red Prf Shs 5p - 55⅛ (30Oc98)
Eclipse Blinds PLC Cnv Prf Shs 5p - 50 (02No98)
El Oro Mining & Exploration Co PLC 10p - 880 (04No98)
Energy Capital Investment Co PLC 6% Cnv Uns Ln Stk 1999 (70p/Pp) - 22 (03No98)
Enterprise Oil PLC 10⅛% Uns Ln Stk 2013 - 135 (04No98)
Environmental Investment Company Ld Zero Dir Prf Shs 1p - 122⅝ (04No98)
Eurotunnel PLC/Eurotunnel SA 1991 Wts (1E PLC & 1ESA Wt to Sub Uts) (Reg) - 16 (29Oc98)
Exeter Enhanced Income Fund Ld Ord 25p - 103 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98) ½ (04No98)
Exploration Co PLC Ord Stk 5p - 250 (04No98)
Fairview Holdings PLC Ord 10p - 80 (0, 1, 3, 2, 0, 4, 0) ½ (22) .96 (50) 1 (0, 3, 1, 0, 1, 0) ½ (1, 1000) 2 (0, 6, 10) ½ (0, 50) 3 (11, 5, 2) ½ (1) 4 (04No98)
Falcon Hldgs PLC Ord 5p - 147 (04No98) 72 (04No98)
Fleetbank PLC 10% Cnv Red Prf Shs £1 - 80 (03No98)
First Active PLC Ord IEP0.25 - 310 (10) 2 (10) 3 (5, 3) 8 (6)
Follies Group PLC Ord 5p - 60 (02No98)
Friendly Hotels PLC 4⅞% Cnv Cum Red Prf £1 - 93 (02No98)
Friendly Hotels PLC 5% Cnv Cum Red Prf £1 - 95 (02No98)
Friendly Hotels PLC 7% Cnv Cum Red Prf £1 - 94 (03No98)
Fujitsu Ld Wts to Sub for Com - 11 (30Oc98)
Gallaher Group PLC ADR (4:1) - 27.375 (6) .625 (04No98) .6875 (2, 18, 1, 0) .7122 (0) .75 (10) .75 (04No98) .8125 (2) .8125 (04No98) .875 (12, 6) .875 (04No98) .875 (04No98)
Geared Income Securities Ld Zero Dir Gtd Prf 0.001p - 110 (04No98) ¾ (04No98) ¾ (04No98) ¾ (04No98) ¾ (04No98) ¾ (04No98)
General Accident PLC 7⅞% Cum Ird Prf £1 - 157 (04No98) 7 (04No98) ¼ (04No98) ¼ (04No98)
General Accident PLC 8⅞% Cum Ird Prf £1 - 137 (04No98) 7 (04No98) 7 (04No98) .27 (04No98) ¼ (04No98) ¼ (04No98) ¼ (04No98)
General Electric Co PLC ADR (1:1) - 8.29 (04No98)
GKN PLC ADR (1:1) - 12.03 (03No98)
Glaxo Wellcome PLC ADR (2:1) - 60.29 (10) .5 (10) .5625 (5) * .75 (04No98) .875 (10) .9979552 (14) .9979894 (25) .99798567 (11) 1.1229924 (25) .25 (35)
Granada Group PLC 10% 1st Mtg Deb Stk 1[illegible] - 140 (03No98)
Grantchester Finance PLC 7⅝% Deb Stk 2020 - 111.328 (30Oc98)
Great Portland Estates PLC 9.5% 1st Mtg Deb Stk 2018 - 135 (30Oc98)
Greenalls Group PLC 7% Cnv Subord Bds 2003 £1 (Regd) - 102⅛ (04No98) ½ (04No98) 3 (04No98) 3 (04No98) 3 (04No98) 3 (04No98)
Greenalls Group PLC 8% Cum Prf £1 - 120 (04No98)
Greenalls Group PLC 11½% Deb Stk 2014 - 146⅛ (03No98)
Greenalls Group PLC 6⅞% Ind Uns Ln Stk - 130 (04No98)
Guardian Royal Exchange PLC Red Prf'B'Shs 20⅝p - 10 (04No98) 1 (04No98)
Halifax PLC 8¾% Perp Sub Bds £ - 122 (29Oc98)
Halifax PLC 12% Perp Sub Bds £ - 182⅝ (04No98)
Halifax PLC 12⅝% Perp Sub Bds £ - 200½ (04No98)
Hamleys PLC 'B' Shs 66.75p - 16 (28Oc98)
Hanson PLC ADR (5:1) - 36.75 (10)
Heart of Midlothian PLC Ord 10p - 95 8 7 (02No98)
Hellenic Petroleum S.A. GDS (Repr 10 Ord Shs Gr0500) (144A) - $11.15 (04No98) .15 (04No98)
Hill & Smith Hldgs PLC 14% 1st Mtg Deb Stk 2000/05 - 108 (02No98)
Hilldown Hldgs PLC ADR (4:1) - 5.63 (04No98)
HSBC Hldgs PLC 11.69% Subord Bds 2002 £1 (Reg) - 125 (04No98)
Iceland Group PLC Cnv Cum Red Prf 20p - 150 (04No98) 5 (04No98) .50 (04No98)
Imperial Chemical Industries PLC ADR (4:1) - 39.94 (10) 40 (10, 35, 15) .47 (04No98) .5411 (25) .5625 (25)
Incepta Group PLC Wts to Sub for Ord - 8 (04No98)
India Fund 'B'Shs - $¾ (03No98)
Johnson Service Group PLC 7.5p (Net) Cnv Cum Red Prf 10p - 115 (03No98)
Kleeneze Electric Ld 9⅝% Sec Deb Stk 2008/10 - 122 (29Oc98)
Kingfisher PLC ADR (2:1) - 17.8 (04No98)
Korea-Europe Fund Ld US$0.10 IDR (Br) - 1077.5 (29Oc98)
Kwik-Fit PLC 7p Cnv Cum Red Prf 5p - 93 (03No98)
Kvaerner PLC 6% Uns Ln Stk 94/99 - 90 (30Oc98)
Kvaerner PLC 8⅛% Uns Ln Stk 2000/05 - 85 (03No98)
Kvaerner PLC 10⅛% Uns Ln Stk 2001/06 - 90 (03No98)
Lamont Hldgs PLC 6% Cum Prf 50p - 42½ (02No98)
Land Securities PLC 7% Cnv Bds 30/9/2008 £1000 (Rg) - 134⅝ (04No98)
LASMO PLC 10⅛% Deb Stk 2009 - 138¼ (03No98)
Leeds & Holbeck Building Society 13⅝% Perm Int Bearing Shs - 190 (04No98) 90 [illegible]
Legal & General Group PLC 6¾% Cnv Subord Bds 30/4/08 £1000 (Rg) - 290 (30Oc98)
Leslie Wise Group PLC Ord 20p - 8 (0)
Lewis (John) Partnership PLC 5% Cum Prf Stk £1 - 82 (02No98)
Liberty PLC 9.5% Cum Prf £1 - 45 (03No98)
London Finance & Investment Grp PLC Wts to Sub for Ord - 9⅞ (03No98)
London International Group PLC ADR (5:1) - 17.4 (04No98)
LucasVarity PLC ADS (10:1) - 34.75 (04No98) 5.25 (04No98) .32 (04No98)
Mansfield Brewery PLC 11⅛% Deb Stk 2010 - 144 (29Oc98)
Marks & Spencer PLC ADR (6:1) - 40.72 (04No98)
Marley PLC 'B' Shs 11 5/7p - 10 (04No98) 10 (04No98)
Marley PLC 11⅝% Deb Stk 2009 - 142¼ (03No98)
Marshalls PLC 10% Cum Prf £1 - 125 (03No98)
Medeva PLC ADR (4:1) - 6 (03No98)
MEPC PLC Non-Cum Red Prf 'B' Shs 98p - 87 (04No98) 7 (04No98)
MEPC PLC 8% Uns Ln Stk 2000/05 - 99 (02No98)
Midland Bank PLC 14% Subord Uns Ln Stk 2002/07 - 122 (03No98)
Mirr Technology PLC Ord 5p - 95 (25) 7 (3) 8 (2, 10) 100 (2, 20, 2, 1) 1½ (0) 2 (2, 11 ½ (10) 3 (1, 0, 2, 1, 2, 1) 5 (3) 8 (0)
National Grid Company PLC 4¼% Exch Bds 2008 £1000 (Br) (Reg S) - £1.144326 (03No98)
National Power PLC ADR (4:1) - $33.8125 (04No98) 4 (04No98)
National Westminster Bank PLC ADR (6:1) - 100.5 1 2.875
National Westminster Bank PLC 9% Non-Cum Prf £1 - 125⅝ (04No98) ⅝ (04No98) ⅝ (04No98) ½ (04No98) 3 (04No98)
National Westminster Bank PLC 12½% Subord Uns Ln Stk 2004 - 129⅝ (02No98)
NEC Finance PLC 13¾% Deb Stk 2016 - 177 1015625 (02No98)
Newcastle Building Society 10⅝% Perm Int Bearing Shs £1000 - 158 (04No98) 9 (04No98) 60 (04No98)
Newcastle Building Society 12⅝% Perm Int Bearing Shs £1000 - 179⅛ (04No98) 80 (04No98) 3 (04No98)
Nfrp PLC New Ord 1p - 153 (89)
Northern Foods PLC 6¼% Cnv Sub Bds [illegible] £1000 (Rg) - 88 [illegible]
Northern Rock PLC 12⅝% Perp Sub Nts (Br) - 173 (04No98)
OEM PLC Ord 25p - 32 (03No98)
Orange PLC ADR (5:1) - 50.0625 (2)
Parkland Group PLC 4.2% Cum Prf £1 - 62 (29Oc98)
Pearson, Zochonis PLC 10% Cum Prf £1 - 145½ (29Oc98)
Peabody Trust 10.25% 1st Mtg Deb Stk 31/07/18 - 142.14 .18 (03No98)
Peninsular & Orient Steam Nav Co 7¾% Cnv Bds 19/5/03 £1000 (Regd) - 105½ (04No98) ½ (04No98)
Peninsular & Orient Steam Nav Co 7¾% Cnv Bds 19/5/03 Gbp (Var) (Br) - £1.094236 (04No98)
Perkins Foods PLC Red Prf 'B' Shs £1 - 31 (03No98)
Perkins Foods PLC Cnv Red Prf 12.5p - 122 (04No98) 2 (03No98)
PowerGen PLC ADR (4:1) - 58.625
Premier Farnell PLC ADR (2:1) - 6.375 (6, 5)
Premier Farnell PLC ADR (1:1) (Cum Cnv Prf) - 18.5 (04No98)
Premier Farnell PLC 89.2p Cum Cnv Red Prf (Sterling Company) - 11¼ (03No98)
Prestbury PLC Ord 5p (Rt) - [illegible] - 311 ½ (04No98)
PWS Hldgs PLC Ord 10p - 18 (04No98)
Queens Moat Houses PLC 10⅝% 1st Mtg Deb Stk 2020 - 122 (02No98)
Queens Moat Houses PLC 12% 1st Mtg Deb Stk 2013 - 129 (03No98)
Racal Electronics PLC ADR (2:1) - 9.78 (04No98)
Rao Gazprom ADS (Repr 10 Ord Rbl10) (144A) - $8.125 (02No98)
Readicut International PLC 5⅜% 2nd Cum Prf £1 - 80 (03No98)
R.E.A.Hldgs PLC 9% Cum Prf £1 - 75.80 (02No98)
Reckitt & Colman PLC 5% Cum Prf £1 - 82 (04No98) ½ (04No98)
Reed International PLC 4.9% (fmly 7%) Cum Prf £1 - 99½ (30Oc98)
Regal Hotel Group PLC Cnv Cum Red Prf 2001 £1 - 100 (04No98)
Regal Hotel Group PLC 9% First Mtg Deb Stk 2008 - 108.21 (30Oc98)
Retail Corp PLC 4.55% (fmly 6½%) Cum 3rd Prf £1 - 89½ (02No98)
Retail Corp PLC 4.55% (fmly 6½%) Cum Prf £1 - 91½ (02No98)
REXAM PLC 'B' Shs £1 - 98 (1) 9 (3, 1, 18, 1)
Rio Tinto PLC Ord 10p (Br) - 720 (30Oc98)
Rio Tinto PLC 3.8% 'B'Cum Prf £1 (Reg) - 80 (02No98)
Rio Tinto PLC 3.325% 'A'Cum Prf £1 - 80 (30Oc98)
Rotork PLC 9½% Cum Prf £1 - 150 (02No98)
Royal & Sun Alliance Ins Group PLC 7⅜% Cum Ird Prf £1 - 125½ (04No98) ½ (04No98) 6 (04No98) 6 (04No98) 6 (04No98) 6 (04No98)
Royal Bank of Scotland Group PLC 5½% Cum Prf £1 - 89 (30Oc98)
Ryanair Holdings PLC Ord IEP0.04 - $256 (5) 8 (15) 60 (1, 0)
Sainsbury (J) PLC 8% Ird Uns Ln Stk - 135 (04No98)
Sanctuary Group PLC Wts to Sub for Ord - 3½ (03No98)
Saudi Arabia Investment Fund Ld Ord Shs $0.01 - 6.125 (04No98) .25 (04No98)
Scottish & Newcastle PLC 4.9% (Net) Cum Prf £1 - 85 (04No98)
Scottish Media Group PLC 6.50% Cnv Uns Ln Stk 2007 - 113 (04No98) 5 (04No98)
Scottish Metropolitan Property PLC 10⅛% 1st Mtg Deb Stk 2016 - 138½ (29Oc98)
Sedgwick Group PLC 7¾% Cnv Bds 31/5/2008 £5000 (Rg) - 0.000001 (50)
Severn Trent PLC 'B' Shs 38p - 31 (0, 1, 0, 11, 1)
Shaw (Arthur) & Co PLC Ord 5p - 1½ 2 (03No98)
Shell Transport & Trading Co PLC Ord 25p (Br) - 375 (04No98)
Shell Transport & Trading Co PLC ADR (6:1) - 36.06 (40) .2 (13) .25 (20, 9) .4375 (5) .5 (12) .625 (1)
Shell Transport & Trading Co PLC 5½% 1st Prf (Cum) £1 - 92 (30Oc98)
Shoprite Group PLC Ord 5p - 18 (03No98)
Skipton Building Society 12⅞% Perm Int Bearing Shs £1000 (Reg) - 183 (04No98) ½ (04No98) 7 (04No98)
SkyePharma PLC 'B' Warrants - 4½ (04No98)
SmithKline Beecham PLC ADR (5:1) - 62.05 (7) .22 (32) .25 (8, 5) .3 (25) .3125 (8) .375 (25) .4 (10) .4375 (25) .5 (4, 25) .625 (20) .747909 (1) .75 (50) .8 (6) .958 (04No98) 3.49 (04No98) .625 (04No98) .75 (04No98) .9978665 (20) 4.1228625 (20)
Smith (W.H.) Group PLC Non Cum Red Prf Shs 53.75p - 254 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98) 5 (04No98)
Southend Property Hldgs PLC 10⅝% 1st Mtg Deb Stk 2025 - 116.707 (29Oc98)
Standard Chartered PLC 12⅛% Subord Uns Ln Stk 2002/07 - 118 (03No98)
Stanelco PLC Ord 0.1p - ½ (30Oc98) ½ (30Oc98)
Swan (John) & Sons PLC Ord 25p - 580 (02No98)
Tadpole Technology PLC Wts to Sub for Ord (Ex Rights) - 2½ (18)
Tate & Lyle PLC ADR (4:1) - 23.72 (04No98)
Tate & Lyle PLC 8% Uns Ln Stk 2003/2008 - 105 (03No98)
Telewest Communications PLC ADR (10:1) - 23.6 (04No98)
Tesco PLC 4% Uns Deep Discount Ln Stk 2006 - 89 (04No98) ¼ (04No98)
THFC (Indexed) Ld 5.65% Index-Linked Stk 2020 - 133 (03No98)
T.H.F.C. (Social Housing Finance) Ld 8⅞% Deb Stk 2015/21 - 129.45 (29Oc98)
Thistle Hotels PLC 7⅞% 1st Mtg Deb Stk 2022 - 113⅝ (29Oc98)
Thistle Hotels PLC 10⅝% 1st Mtg Deb Stk 2014 - 138 (30Oc98)
Tops Estates PLC Wts to Sub for Ord - 1½ (04No98)
Tops Estates PLC 7½% Cnv Uns Ln Stk 2020 - 105 (04No98)
Town Centre Securities PLC 10⅝% 1st Mtg Deb Stk 2021 - 147.671 (29Oc98)
Transport Development Group PLC 'B' Shs 34.4p - 30 (03No98)
Transport Development Group PLC 6⅝% Uns Ln Stk 93/98 - 99½ (04No98)
Transport Development Group PLC 9⅝% Uns Ln Stk 96/2000 - 99 (04No98)
Turkiye Garanti Bankasi ADS (Repr 200 Com Shs TRl1000) (144A) - $2.105 (04No98)
Unigate PLC ADR (1:1) - 9.24 (04No98) .716 (04No98)
Unilever NV Ord NLG1 - NG137 (29Oc98)
United Biscuits (Hldgs) PLC Red 'B' 28.3p - 25 (0, 15, 2)
Vaux Group PLC 9⅝% Deb Stk 2015 - 136½ (03No98)
Vodafone Group PLC ADR (10:1) - 137.25 (10) .375 (5) .8 .1454 (12) .3504 (10) 40.72 (04No98)
Walker Greenbank PLC 'B' Shs 36p - 33 (0)
Warburg (S.G.) Group PLC 7⅝% Cum Prf £1 - 135.5 (29Oc98)
Wessex Water PLC Flg Rte Cum Red Prf 50p (Ex Partial Red) - 50.5 (04No98) .5 (04No98) .5 (04No98) .5 (04No98) .75 (04No98)
Whitbread PLC 11⅝% Deb Stk 2011 - 151 (04No98)
Whitbread PLC 7½% Uns Ln Stk 95/99 - 98¼ (03No98)
Whitecroft PLC 5.1% Cum Prf £1 - 70 (30Oc98)
Williams PLC 10¼% Cum Prf £1 - 145.56 (29Oc98)
Williams PLC Non Cum Cnv Red Prf 'B' 34p - 70 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (03No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98) 1 (04No98)
Wolverhampton & Dudley Breweries PLC 6.5% Deb Stk 2019 - 102 (02No98) 4 (04No98)
Wyefield Group PLC Ord 20p - 2½ (02No98)
Yarrow Group PLC Wts to Sub for Ord - 12 (02No98)
York Waterworks PLC Non-Voting'A'Ord 10p - 280 (03No98)
ZENECA Group PLC ADR (1:1) - 38.9375 (03No98)

Investment Trusts

Aberdeen High Income Trust PLC 7.1% Deb Stk 2008 - 109 (04No98) ½ (04No98) ½ (04No98)
American Opportunity Trust PLC Zero Cpn Cnv Uns Ln Stk 50p 2003 - 65 (30Oc98)
Broadgate Inv Tst PLC Wts to Sub for Ord - 91½ (03No98)
Cairngorm B.S. Inv Tst PLC Uts (Compr 1 Wt No 1 - No 10) - 240 (04No98) 80 (04No98)
Cairngorm Demutualisation IT PLC Wts to Sub for Ord 50p - 17 (04No98)
Collective Assets Trust PLC Ord 3p - 111 (04No98)
Danou Inv Tst PLC Wts to Sub for 1 Inc & 1 Cap - 56 (04No98)
Dunedin Income Growth Inv Tst PLC 3.5% Cum Prf Stk - 94½ (29Oc98)
Edinburgh Inv Tst PLC 11½% Deb Stk 2014 - 157½ (02No98)
Fleming Claverhouse Inv Tst PLC 11% Deb Stk 2008 - 135 (02No98)
Guinness Flight Geared Inc & Gwth Tst Inc 5p - 105½ (04No98)
Guinness Flight Geared Inc & Gwth Tst Zero Div Prf - 102 (04No98) 2 (04No98)
Monks Inv Tst PLC 6⅜% Deb Stk 2023 - 107 (04No98)
Scottish Eastern Inv Tst PLC 8.5% Deb Stk 2024 - 136½ (04No98)
Scottish Inv Tst PLC 4.55% 'A'Cum Prf Stk - 39 (03No98)
Shires Income PLC 11% Cnv Uns Ln Stk 2003/2004 - 195 (03No98)
Shires Smaller Companies PLC Wts to Sub for Ord - 44½ (03No98)
Smaller Companies Inv Tst PLC Eqty Lnkd Uns Ln Stk 2003 - 167 (19Oc98) 80 (04No98)
Throgmorton Trust PLC 7⅝% Cum 1st Prf £1 - 97½ (30Oc98)
Throgmorton Trust PLC 7.25% Cnv Uns Ln Stk 2003 - 95.8 (03No98)
Throgmorton Trust PLC 12⅝% Deb Stk 2010 - 150 (04No98)
Value Realisation Trust PLC 1.4% Cnv Uns Ln Stk 2006 - 159 (04No98)
Witan Inv Co PLC 6½% Exch Bds 1/9/08 £1000 (Regd) - 127½ (02No98)
Witan Inv Co PLC 8¾% Deb Stk 2016 - 129½ (04No98)

Alternative Investment Market

City Gourmets Hldgs PLC Ord 1p - 25 (30Oc98)
Heavitree Brewery PLC 'A'Non Vtg Ord 5p - 265 (03No98)

High-voltage contest for capital current

Andrew Taylor previews a likely Anglo-French bid battle for London Electricity, the US-owned supplier

Barring last-minute upsets, British Energy and Electricité de France will be favourites to buy London Electricity when bidding for the capital's power supplier closes on Monday.

The two rivals have the deepest pockets of the six groups thought to have qualified to bid for the electricity company, which supplies 2m customers and is expected to fetch about £2bn.

Other contenders include RWE, the German multi-utility, which is concerned over the likely high cost of London Electricity; Singapore Power, which has been struggling to find a partner to support an offer, and National Power, the UK's largest fossil-fuel generator, which wants only London's supply business.

A sixth group led by John Devaney, former chief executive of Energy Group, and backed by Goldman Sachs is thought to have pulled out of the bidding.

London Electricity is the largest of a series of proposed disposals, expected to raise $4bn (£2.3bn), by Entergy Group of the US which bought London in 1996 for £1.3bn. It will use $3bn of the proceeds to reduce large borrowings. Also up for sale is CitiPower, its electricity distributor in Victoria, Australia.

The strong demand for electricity assets in the UK, one of the world's most liberalised power markets, is reflected in a string of electricity company takeovers totalling £18bn, many of them by US groups, since 1995.

Despite the prospect of tougher price regulation demand from would-be new entrants, particularly from continental Europe, remains strong. From February 19 most EU countries will be required to open at least 25 per cent of their power market to other suppliers.

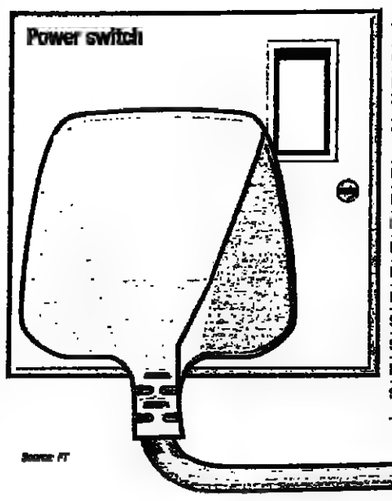
François Roussely, chairman of Electricité de France, the state-owned French monopoly, wants to double the value of his group's overseas investments to FFr30bn (£3.22bn), focusing on Europe. EdF, with annual turnover of more than $30bn, has great financial strength. The world's largest electricity supplier, it exports 17 per cent of its domestic production to other European countries. But a bid for the UK group could excite the interest of competition authorities in Brussels and London.

Peter Mandelson, UK trade and industry secretary, recently expressed concern that the power interconnector between the UK and France had become a one-way ticket for EdF to export cut-price power at the expense of coal-fired generation in the UK. A concession by EdF on the interconnector could well open the way for a deal on London Electricity.

Government plans to introduce more competitive electricity trading arrangements – in line with other commodity markets – have encouraged generators like British Energy, the UK's biggest nuclear generator, to protect their power trading activities by creating an integrated business. In this case it is seeking to add London's electricity supply customers to its existing generation.

The UK government this year permitted a £1.9bn bid by PowerGen, the country's second largest fossil-fuel generator, for East Midlands, the third largest electricity supplier – provided PowerGen sold 2000MW of underused coal-fired capacity.

Whatever the outcome there is likely to be more high-voltage takeover activity in the UK power sector.



Source: FT

Takeovers and mergers

Company	Owner	£bn	Year of bid
East Midlands Electricity	Powergen	1.90	1996
The Energy Group	Texas Utilities	4.46	96
Yorkshire Electricity	American Electric Power/Public Service Company of Colorado	1.50	97
London Electricity*	Entergy	1.27	97
Midlands Electricity	GPU/Cinergy	1.73	96
Seaboard	Central & South West	1.60	96
Northern Electric	CalEnergy	0.85	96
Norweb	North West Water	1.83	95
Manweb	Scottish Power	1.10	95
Seeb	Southern Co	1.10	95
Swalec	Hyder	0.87	95
Merger			
Scottish-Hydro Electric	Southern Electric	5.6**	merger announced in 1996

* for sale as part of Entergy disposal programme
** combined market capitalisation

Singapore Power hopes it will be third time lucky

Singapore Power is among several bidders thought to have qualified for the final round of bidding this month for CitiPower, which distributes electricity to Melbourne's central business district, writes Gwen Robinson in Sydney.

It is Singapore Power's third attempt to buy into the Australian electricity market following unsuccessful bids for the Loy Yang A power station and PowerNet, the only high-voltage distribution company in Victoria.

Other potential bidders include Envestra, part of Boral, the Australian resources group; China Light and Power of Hong Kong; American Electric Power, the independent US energy group; Eastern Energy, which already operates in Victoria and is part of Texas Utilities; and Integral Energy, owned by the New South Wales government.

Entergy acquired CitiPower for A$1.6bn (£580m) when it was privatised in late 1995 as one of five low-voltage electricity distributors in Victoria. Analysts have estimated that a successful bidder for CitiPower could pay between A$1.2bn and A$1.7bn.

The sale of CitiPower comes amid steady liberalisation of Australia's electricity market – particularly in Victoria, where margins have already fallen under intensifying competition and are set to shrink further following the final deregulation phase in 2001.

The bidding process is also seen as a test of the cross-ownership laws in Victoria's privatised energy industry, with some bidders already involved in the local power-distribution industry. Further complications could arise from Integral's participation in the CitiPower bid.

Carlton looks at PolyGram library

By Alice Rawsthorn

Carlton Communications, the media group headed by Michael Green, is sending a team of executives to the US to discuss acquiring part of PolyGram's film and television subsidiary.

Mr Green is understood to be interested in the library of films and television series, including *Thunderbirds* and *The Prisoner*, which PolyGram bought from Lord Grade's ITC Group. He may also bid for some of PolyGram's production interests, notably Working Title, the successful London-based production company which has backed hits such as *Fargo*, *Four Weddings And A Funeral*, *Bean* and *Elizabeth*.

Carlton faces stiff competition for the production businesses from Canal Plus, the French media concern, and Universal Studios, the Hollywood-based subsidiary of Seagram, the Canadian entertainment company, which has bid $11bn (£6.5bn) for PolyGram.

Carlton made an offer for the PolyGram Filmed Entertainment division in September when it was auctioned by Seagram. Mr Green bid low because, although he was keen to acquire PFE's library, he was less interested in the production companies and film distribution network.

When Carlton's offer, and the other bids, fell beneath Seagram's price expectations, it cancelled the auction. Seagram has since sold the bulk of PFE's film library to Kirk Kerkorian, the US corporate raider. do

Canal Plus this week held discussions with Seagram about the possibility of buying PFE's non-US film distribution network and some of its production interests, including Working Title.

ETBA Finance

ECONOMIC & FINANCIAL SERVICES S.A. (formerly GREEK EXPORTS S.A.)

CORRECTION TO, AND REPETITION OF THE ANNOUNCEMENT OF A SECOND INTERNATIONAL PUBLIC AUCTION FOR THE SALE OF THE FLOATING DRYDOCK D/D "AVLIS"

In the Announcement of a Second International Public Auction for the sale of the floating dock D/D "Avlis" published on 5th and 6th November 1998 it was incorrectly stated that offers should be submitted by 11:00 hrs. on Friday and that they would be unsealed on the same day at 13:00 hrs. Instead of the correct statement that the offers should be submitted on the same day at 14:00 hours and would be unsealed immediately after this submission deadline before the notary and interested parties. Further to the above, the announcement is repeated as follows:

ETBA FINANCE ECONOMIC & FINANCIAL SERVICES S.A. established in Athens (1 Eratosthenous St.), and legally represented in its capacity as special liquidator of NEORION SHIPYARDS OF SYROS S.A., which owns the floating drydock D/D "AVLIS", in accordance with Decision No. 538/1992 of the Piraeus Court of Appeal and the provisions of article 7 of Law 2529/1997 and article 46a of Law 1892/1990 as complemented by article 14 of Law 2000/1991 as in force today and following the letters from the creditors ETBA SA and IONIAN BANK SA dated 22/10/98 and 2/11/98 respectively

ANNOUNCES

a second international public auction with sealed, binding offers for the sale of the floating drydock D/D "AVLIS".

Summary data on the floating drydock for sale

The floating drydock D/D "AVLIS" has been excepted from the assets of the company under liquidation named "NEORION SHIPYARDS OF SYROS S.A." by special legislative provision (article 23 of Law 2166/94) and was therefore not sold together with the other assets of the above company. Now, by virtue of article 7 of Law 2529/1997, the liquidator has been allowed to hold an international public auction for the sale of the above floating drydock.

The D/D "AVLIS" is now at the HALKIS Shipyard and listed as number 01 in the HALKIS Harbourmaster's Register of Floating Drydocks. Its main specifications are:

• Lifting capacity	15,000 tons	• Height above the floor	14.8 metres
• Built in	1975	• Depth below measurement deck	3.7 metres
• Length overall (LOA)	195.0 metres	• Maximum draught	8.5 metres
• Length along central keel blocks	180.0 metres	• Construction	Steel
• Width overall (WOA)	41.5 metres	• Built in	Germany
• Width, inside	33.5 metres	• By	GHH

Terms of the Announcement

1. The auction will be conducted in accordance with the provisions of article 46a of Law 1892/1990 as supplemented by article 14 of Law 2000/1991 and its amendments, the terms contained in the present announcement and the terms contained in the relative Offering Memorandum, regardless of whether or not they are repeated in the present. The submission of a binding offer implies acceptance of all these terms.
2. For a fuller awareness of the floating drydock for sale, interested buyers are invited to receive, on signature of a confidentiality agreement, the Offering Memorandum and the specimen Letter of Guarantee in order to submit a sealed, binding offer to the Ermoupolis, Syros notary public assigned to the auction, Ms. Eleni Asmani, 7 Odos Mitropolit Antoniou Polet, el. (30281) 87201 at 14.00 hours on Friday, 4th December 1998. The submission of offers should e made in person or by a legally authorised representative. Offers submitted beyond the time limit will not be accepted or taken into consideration. Offers must not contain terms upon which their bindingness will depend or which create vagueness with regard to the amount or the method of payment of the offered price or with regard to any other essential points. The liquidator and the creditors maintain the right, at their incontrovertible discretion, to reject offers which contain terms and exceptions, or consider them to be non-contained, in which case the offer remains binding with regard to the rest of its content.
3. Due to the fact that the floating drydock D/D "AVLIS" is an indispensable and determinant element for the operation of the HALKIS Shipyard, it is hereby clearly stated that a precondition for participation in the auction for the sale of D/D "AVLIS", is participation also in the parallel auction for the sale of the HALKIS Shipyard, on penalty of invalidation of the offer. Both offers will be taken into account in determining the highest bidder in the above auctions. The signature of the sale contract of D/D "AVLIS" is correlated with the signature of the sale contract of HALKIS Shipyard. In the event that, for any reason, the auction for the sale of HALKIS Shipyard is declared null and void, then the auction for the sale of D/D "AVLIS" will be also nullified.
4. Offers must be accompanied, on penalty of cancellation of the offer, by a letter of guarantee from a bank legally operating in Greece, to the amount of one hundred million drachmas (GDR 100,000,000) valid until its return to the guarantor bank and guaranteeing both the substance of the offer submitted and any improvements made to it.
5. The offers will be unsealed before the notary in her office immediately after the deadline for the submission of binding offers. Interested parties who have submitted binding offers within the time limit are entitled to attend the opening of the offers.
6. The sealed, binding offers must specifically state the offered amount and method of payment (cash or on credit, the number of instalments and when they are to be paid and the rate of interest during the entire period of payment). If no mention is made of a) the method of payment, b) whether the portion on credit will bear interest or not and c) how the interest is to be calculated and at what rate, then it will be considered correspondingly that a) payment will be made in cash, b) the amount on credit will be paid interest-free and c) the interest on any unpaid portion on credit will be calculated at the rate of the last issue of one-year government bonds plus one percentage unit. Part-payment on credit will be accepted on payment of at least 25% of the total offered price in cash on signature of the relative sale contract and payment of the remaining portion by instalment within five (5) years at the latest from the date of signature of the sale contract. The entire amount on credit must be covered by a letter of guarantee from a bank legally operating in Greece.
7. The floating drydock D/D "AVLIS" shall be sold "as is and where is" and, more specifically, in its actual and legal condition and at the place where it is situated on the day of signature of the sale contract. The liquidator, the company under liquidation and the creditors are not responsible for legal or actual defects or deficiencies of any kind of the floating drydock on sale or for any incomplete or inaccurate description of it in the Offering Memorandum. Interested parties, should, with their own means and diligence and at their own expense, look into and form their own assessment of the floating drydock for sale. The submission of an offer implies that the interested party is fully aware of the legal and actual state of the above floating drydock.
8. In the event that part payment is on credit, the present value will be taken into account in evaluating the offer, which will be calculated on the basis of the interest rate in force, at the time of submission of the offer, for Greek Government bonds of one year's duration. If offers are made in foreign currency, their value in drachmas shall be calculated at the bank fixing price on the last day of the deadline for the submission of binding offers in the present auction.
9. The highest bidder will be deemed to be the person whose offer has been evaluated by the liquidating company and judged to be the most advantageous for the creditors. In correlation, as above, with the offer made for the HALKIS Shipyard.
10. In the event that the person to whom the floating drydock will be adjudicated fails in his obligation to appear at the time and place specified in the liquidator's invitation, in order to sign the relative contract in accordance with the terms of the present Announcement and of his offer, as finally composed, then the guarantee, as above, is forfeited in favour of the liquidator and the creditors in order to cover all expenses of any kind, time spent and real or paper losses sustained, with no obligation to provide proof of such, and consider the amount as a penalty clause and collect it from the guarantor bank.
11. The liquidator bears no responsibility towards participants in the auction, both with regard to the report assessing the offers or to his proposal of the highest bidder, or for his decision to repeat or nullify the auction and for any other decision relative to the procedure and conduct of the auction.
12. Those parties taking part in the auction and submitting offers do not acquire any right, claim or demand from the present Announcement and from their participation in the auction, against the liquidator or the creditors for any cause or reason.
13. According to para. 13 of article 46a of Law 1892/1990; para. 7 of article 23 of Law 2166/1994 as well as paras. 1 & 2 of article 9 of Law 2244/1994, the sale contract and the necessary transfers accruing from it and any other relative transaction are exempted from taxes, dues or state or third party rights or stamp duties, while the rights and fees of notaries, lawyers, supervisors and mortgagors (ship's registers) are restricted to 30%. Any expenses incurred in the sale of the assets such as VAT, the fees of lawyers, notaries and mortgagors (ship's registers), etc. rights and other expenses are to be borne by the interested buyers and the highest bidder as the case may be.

The present was drafted in Greek and translated into English. However, in the event of differences occurring in translation, the Greek text will prevail.

In order to obtain the Offering Memorandum and for any additional information, please apply to the offices of the liquidator at 1 Eratosthenous & Vass. Constantinou Streets, Athens, Tel. (301) 7260210, 7260256, 7260906 and Fax (301) 7260864.

Unilever surprises with third-quarter leap

By John Willman

Unilever, the Anglo-Dutch consumer group, yesterday reported third-quarter results ahead of expectations, despite the economic turmoil in south-east Asia, Russia and parts of Latin America.

Profits were up in every region apart from Latin America, where an £8m ($13m) restructuring charge in Mexico contributed to a fall of £9m. The economic uncertainties had had no significant impact on the business in Europe and North America, Unilever said.

Margins rose particularly sharply in Europe from 14.7 to 16 per cent, despite a fall in turnover caused by the bad summer weather which reduced ice-cream sales in northern Europe by about £100m.

The shares rose 19p in London to 609p, and Fl 3.20 to Fl 142.20 in Amsterdam.

"Most places you look there is good news," said David Lang, analyst at Henderson Crosthwaite, the broker. "The cost reduction programme and pruning of low-performing units means Unilever is paying off in spades."

Pre-tax profit for the quarter was £1.14bn, against last year's £831m (at 1997 exchange rates). This included a profit of £260m on the sale of Plant Breeding International in Cambridge to Monsanto. The underlying increase after removing all exceptionals was 3 per cent.

Turnover was £7.42bn (£7.35bn), held back by a 6 per cent fall in Europe, largely attributed to falling ice-cream sales. Unilever raised its share of the European detergent market with its soap tablets, now on sale in 13 countries.

The group's marketing budget rose £50m in the quarter, lifting sales of new products such as soap tablets and Thermosalk, a US haircare product. Sales in North America rose 3 per cent after allowing for disposals, though higher marketing costs depressed margins in the region.

Even in Asia-Pacific profit and margin rose, helped by Unilever's strength in India, which has been largely unaffected by the turmoil further east. Sales fell in Thailand, however, and there were no signs of recovery in Indonesia, where higher prices to offset increased costs sharply reduced volumes. In the first nine months of 1998, profit from the Asian countries which have suffered significant devaluations fell by about £82m.

"The company is performing well in difficult times," said Tim Potter, of Merrill Lynch.

Greenalls loses pubs bidders

By Charles Pretzlik

Greenalls' attempt to sell its franchised and tenanted pubs for £400m ($676m) was in disarray last night after it emerged that two leading bidders had withdrawn from the auction.

Charterhouse Development Capital, the venture capital business that is part of the Charterhouse investment bank, and Punch Taverns, the private company that bought 1,455 pubs from Bass last year, are understood to have valued the chain at about £330m.

Nigel Popham, an analyst at Teather and Greenwood, has estimated the value of the pubs at £300m.

The loss of interest is a setback for Greenalls, which has conducted a review of its businesses. The company has come under pressure from Omega, a US hedge fund which built up a 2 per cent stake on hopes of a break-up.

At least two other parties looked seriously at the Greenalls estate. They are believed to be a division of NatWest and Nomura, the Japanese bank which has created the Grand Pub Company of 4,100 mainly tenanted pubs.

Cookson warns of ceramics fall

By Andrew Edgecliffe-Johnson

Cookson provided further evidence yesterday of the vulnerability of analysts' profit forecasts. After the industrial materials group published a a more gloomy than expected trading statement, its share price tumbled by almost 10 per cent.

The group said profits for the first nine months were unchanged at constant exchange rates compared with the same period last year. That implied profits had fallen sharply in the third quarter because there was an 8 per cent improvement in the first six months.

Analysts cut 1998 pre-tax profit forecasts from about £170m to £145m, and predicted profits of £135m-£145m for 1999. In 1997, pre-exceptional profits were £178m. The share price fell 13p to 120p, leaving Cookson on a p/e of 7.8, which is lower than its gross dividend yield.

The company had warned in July about pricing pressure in its electronics division. Yesterday it added that the ceramics division, which makes refractory products for the steel industry, was suffering from a sudden fall in world steel production, particularly in the US.

Vesuvius, its market leading ceramics division, had seen its growth "decelerate markedly" since August from the 15 per cent rate reported at the half year, Stephen Howard, chief executive, said. "US steel producers are in the eye of the hurricane now."

He said imports of cheap steel from Asia had hit US steel volumes by 15-20 per cent on average, and up to 40 per cent in some areas.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
Tex	9 mths to Sept 30	9.42	(15.1)	0.323	(1.45)	3.6	(16)	1	Jan 20	4	-	8
Unilever	9 mths to Sept 30	21,899	(22,483)	2,611	(4,717▼)	20.52	(44.55)	2.95	Dec 18	2.8	-	8.42
Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Lowland	Yr to Sept 30	372.6	(392.84)	2.97	(2.77)	12.55	(11.68)	7.5	Dec 22	7.3	12	11.6
Murray Enterprise	Yr to Sept 30	114.4	(151.8)	0.858	(0.706)	3.6	(2.9)	2.1	-	2.1	3.1	3.1

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ▼After exceptional credit.

NEWS DIGEST

PLANT MACHINERY

Powerscreen names new chief executive

Brian Kearney, a management consultant, has been appointed chief executive of Powerscreen International, the lossmaking heavy plant machinery maker he joined in April following problems caused by accounting irregularities at its Matbro subsidiary.

The shares rose 8½p to 118½p yesterday, compared with 552½p before the difficulties emerged. Mr Kearney, 51, joined the Northern Ireland company as acting financial director after it revealed in January that Matbro, a specialist tractor maker, was the reason for a £46.7m provision in the 1997 accounts. The irregularities at Matbro led to a probe, still ongoing, by the Serious Fraud Office, as well as an investigation by auditors KPMG, and caused Powerscreen to incur losses of £47.6m in the year to March 31. Matbro ran up losses trying to get into new markets, some of which were unprofitable, then recorded some double-booked sales and other irregularities.

Since the provision was revealed the company has been selling off non-core businesses to refocus and raise funds. This year it has sold US Truck Crane for £45m, as well as the Universal Conveyor Company, Gerth International and SDC Trailers.

Mr Kearney was keen to crush recent speculation that the company was ripe for a takeover which would take it into private hands. "We haven't put in all this work in the last six to nine months to put the company on a sound financial basis for someone else to come in." Lucy Smy

PROPERTY

CLS plans share buy-back

CLS, the commercial property concern, is planning to buy back 10 per cent of its shares for about £12.7m. The company, meanwhile, intends to make a tender offer for another 2.5 per cent of its share capital, as a tax efficient substitute for part of a dividend payment. An extraordinary meeting will be held on December 1, at which shareholders will consider whether to approve the waiver by the Takeover Panel of a rule requiring the directors, who currently hold 46 per cent of the shares, to make an offer for the rest if the buy-back lifts their stake above 50 per cent. The shares rose 6½p to 113p. Jonathan Guthrie

TELECOMMUNICATIONS

Fibernet considers alliance

Shares in Fibernet jumped 69p to 378½p yesterday, as the computer network connection group confirmed it was considering an alliance with a larger telecommunications group that could lead to it being taken over.

Fibernet said it was reviewing various strategic options and had appointed Singer & Friedlander, the investment bank, to assist it. However, Fibernet said that at the moment it was not in talks with any other companies. Fibernet, which has a national fibre optic network, signed a three-year deal this week with GX Networks, the business connections part of Internet Technology, which is the largest independent Internet service provider. Lucy Smy

LIFE ASSURANCE

Contenders emerge for NPI

Swiss Life and Australia's AMP have emerged as two of the leading contenders to buy NPI, the UK life assurer that put itself up for sale last month. The deadline for initial bids was yesterday, and a short-list is expected to be drawn up over the next 10 days. Other contenders are understood to include Norwich Union and GE Capital. Analysts have valued NPI at between £1bn and £2bn. The aim is to name the preferred buyer by the end of the year. NPI said: "We have a broad range of buyers out there and a lot of innovative thinking about the deals could be structured." Christopher Brown-Humes

COATING SYSTEMS

Metrotect shares fall on warning

Shares in Metrotect Industries, the maker and supplier of anti-corrosion coating systems, tumbled 7p to 19½p after the company warned that pre-tax profits for the current year would be "substantially below current market expectations". The company blamed a decline in its principal international markets and the strength of sterling. The directors, however, expect to maintain the dividend for the year. In the year to March 31 1998, the company recorded a pre-tax profit of £1.37m on turnover of £16.2m.

RETAILERS

GUS ponders legal action

Great Universal Stores, the retail group, is expected to decide within the next fortnight whether to take legal action against the former directors of Argos, the catalogue retailer it bought for £1.9bn in April after a hostile bid. GUS is also expected to appeal to the Takeover Panel concerning the watchdog's decision to throw out its complaints about the Argos directors. The panel is unlikely to grant an appeal because it usually only allows companies one month to appeal.

GUS, which has queried claims made by Argos during the bid, spoke to the Panel more than three months ago. An adviser to the former directors said: "If they [GUS] choose to take legal action it will be vigorously defended and we are absolutely confident that the statements complied with the Takeover Code." Charles Pretzlik

CHEMICALS

Laporte offshoot for sale

Laporte has put its hygiene chemicals business up for sale and is understood to have short-listed four potential bidders. The business, which has annual sales of about £30m, makes cleansing and disinfecting chemicals for the food and catering industries. Laporte, which this year took over smaller rival Inspec in a £611m recommended cash bid, has appointed Lazard Brothers to handle the sale which it hopes to conclude this year. The business, part of Laporte's formulated chemicals division, is expected to fetch £30m-£40m or about one times sales.

هكذا من الأصل

TELEPHONY ANALYSTS SAY RESULT BODES ILL IN YEAR BEFORE COMPETITION IS OPENED UP

HK Telecom disappoints with flat growth

By Louise Lucas in Hong Kong

Hongkong Telecom, the territory's dominant carrier, disappointed the market yesterday with flat growth and an unchanged dividend.

The company, which is majority-owned by Cable and Wireless of the UK, reported a 1.4 per cent rise in net profits to HK$6.1bn (US$788m) for the six months to September 30. Some HK$668m of this came from interest and other income, namely interest from its HK$15bn cash pile.

Analysts said the company's inability to show significant growth in the year before the doors were opened to full competition did not bode well for the future. Mobile phones, a traditional earnings engine, appeared to run out of steam, with the loss of an estimated 35,000 subscribers.

Hongkong Telecom said that while price competition in the sector had intensified, it remained market leader with 830,000 subscribers. This represents a market share of about 41 per cent. Mobile revenues rose 28.4 per cent, largely due to the inclusion of Pacific Link, which it acquired last year.

The company attributed the deceleration in profit growth to the recessionary environment, which has prompted many phone-intensive businesses such as financial services to retrench. "The recession is likely to be protracted and the competition is excessive and vicious," Linus Cheung, chief executive, said.

International telephone revenues fell 16.3 per cent to HK$7.49bn as traffic volumes fell 7.4 per cent. China traffic, the busiest route, put in modest growth of 1.7 per cent compared with 10 per cent last year.

David Gibbons, regional telecommunications analyst at HSBC Securities, said he would downgrade his full-year estimates of a 4 to 5 per cent rise.

"They are going to do well to deliver flat growth," he said, adding the decision not to lift the 38.6 HK cent dividend – especially given the HK$15bn cash pile – looked bad.

"In terms of signalling to the marketplace, it must have been an option to put a token increase on the dividend at the interim stage, even though this is the worst recession in Hong Kong for a long time," he said.

Hongkong Telecom appears to be in no hurry to spend its cash pile, some HK$6.7bn of which it won in compensation for the early termination of its IDD monopoly. Its China ambitions remain on hold, as the mainland market remains barred to foreign operators; instead, the group is likely to focus on opportunities in internet and other interactive services.

Foreigners in US buying binge

By Richard Waters in New York

Foreigners became big investors on Wall Street earlier this year, rivalling even the mighty US mutual fund industry in their hunger for American securities.

But the timing of the buying binge, revealed in figures produced by the Securities Industry Association, appeared to confirm an old Wall Street adage: when foreign investors arrive in force, it is time to sell.

The surge in foreign buying came late in the 1990s bull market. Non-US investors stood on the sidelines until recently, buying only around $5.5bn of US stocks a year on average, similar to their purchases during the 1980s. In 1997, though, the buying surged, then climbed even higher earlier this year – just before the market peaked in mid-July.

The sudden burst of buying also extended to corporate and other types of bonds, many of which have fallen heavily in recent months.

That reflected a new appetite for risk among foreigners, according to the SIA.

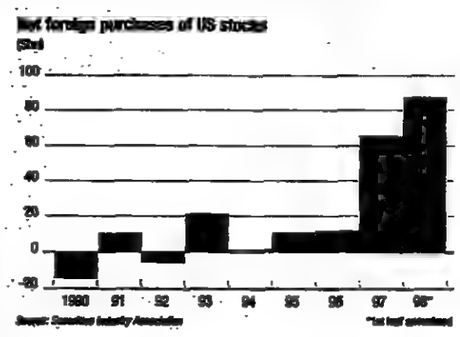
Typically, ultra-safe US Treasury bonds made up more than half their purchases of US securities: this year, though, they have represented only a fifth. The timing of this shift will have hurt many. The risk aversion that swept through the capital markets since August provoked a powerful rally in Treasury bonds and handed investment losses to holders of most other types of bonds.

Thanks to the new interest from abroad, foreigners invested as much in US securities as all the US life insurance companies and public and private pension funds combined. At $329bn, they were only $2bn less than the total investments of all the US mutual funds.

While foreigners have poured money into the US, meanwhile, American investors have largely lost their taste for financial markets overseas. In the full flush of excitement about the emerging markets of Asia and Latin America, US investors spent more than $60bn on foreign equities in 1993.

Interest waned in the wake of Mexico's unexpected devaluation, however, and despite a partial rebound in 1996, purchases have never returned to the same level.

Americans bought less than $2bn worth of foreign stocks in the first half of this year, less than at any time since 1988.



Leading CLSE analyst resigns

By Clay Harris, Banking Correspondent

The UK's top-rated quantitative analyst has resigned from Crédit Lyonnais Securities Europe because of his concern about recent management changes, staff losses and arguments over strategy at the French-owned broker.

Savvas Savouri is moving to Commerzbank Global Equities, along with Jayne Askham and Takis Christodoulopoulos, two other members of the team that was ranked first in quantitative analysis and techniques in the 1995 Extel survey of investment analysts.

Mr Savouri masterminded the creation of Margin Call, a method of collecting economic data from the UK Office of National Statistics and other sources and analysing it to produce recommended trades in sectors and individual shares.

He is known to have been concerned about staff departures from CLSE's UK equities business, and last week's reshuffle which removed Michael Kerr-Dineen as head of equities after a dispute over the pace of introducing a pan-European strategy. Chantal Lanchon, head of capital markets, said this week the bank had not changed course, but stressed the pan-European avenue would be "combined with a domestic approach" in the UK, France and Spain.

Although the Margin Call brand will remain with CLSE, Mr Savouri and his colleagues would be free to create a similar product at Commerzbank, which is building an international equities business relying heavily on quantitative techniques.

Products such as Margin Call are important weapons in the fight for the business of institutional clients.

Mr Savouri joined the French firm, then called Crédit Lyonnais Laing, in 1994, having previously worked at Hoare Govett and lectured at the London School of Economics.

The move of Mr Savouri and his team, which includes Elena Kilikita, has echoes of a previous episode. In 1994, the Crédit Lyonnais Laing team, which had created a quantitative research tool called Value & Momentum, moved to Flemings, where they swiftly built a matching product.

MMC attempts return to profit

By Alexandra Harney in Tokyo

Mitsubishi Motors, the Japanese car and truck group, is launching its most fundamental restructuring programme ever in an attempt to return the group to profitability.

The plan, which includes factory closures in Japan, job cuts in the US and cost reductions of Y350bn ($3bn) over the next three years, was announced as MMC revealed first-half pre-tax losses of Y18.3bn against a profit last time of Y17.5bn.

It forecast full-year losses of Y9bn.

Cost-cutting and the yen's fall against the dollar failed to offset falling sales, and first-half operating profit last time of Y8.6bn became a loss of Y15.1bn. Sales fell from Y1,320bn to Y1,110bn.

The group was squeezed by the collapse in the truck market in Japan and Asia amid the financial crisis and a sharp contraction in its domestic market share.

Chief among the initiatives is the loss of 1,000 jobs in the US. In Japan, it is consolidating its three truck plants into one and accelerating planned staff cuts over the next three years. Temporary staff levels in Japan will also be cut by half.

Mitsubishi declined to comment on the staff cuts in the US, except to say the majority would be factory employees.

The moves are aimed to reduce production levels in the US by almost 30 per cent, from 240,000 to 160,000 vehicles, over three years. Also, the model range is to be shrunk by 40 per cent.

MMC aims to return to profit next year and report net profits of Y10bn on sales of Y2,500bn by 2000.

But the plan, which is more far-reaching than a similar restructuring outlined in autumn 1997, left the loss-making domestic operations largely untouched and the strategy for turning round the loss-making truck division unclear. Katsuhiko Kawasoe, president, said the management shake-up was unlikely to include the introduction of performance-based compensation for managers or any job losses except those through natural attrition and early retirement.

"There's a lot of smoke and mirrors here," said Peter Boardman, analyst at Warburg Dillon Read in Tokyo. While MMC, which has a debt to equity ratio of 155 per cent, aims to cut group debt from Y2,000bn to Y1,800bn by the end of 2000, it would be easy to shift the debt on to subsidiaries' balance sheets, he said.

Publicis moves to end alliance

By Sarah Ivkovitch in Paris

Publicis, the French advertising company, is to issue FFr812m ($146m) of new shares in a move intended to terminate its 10-year alliance with True North of the US.

Its shares rose 3.6 per cent after yesterday's announcement, to close at FFr1,025.

The company will launch a share exchange offer if its strategy is approved by shareholders at an extraordinary general meeting next month.

It will offer three new shares in exchange for every two shares of Publicis Communication, its subsidiary, in which True North holds a 26.3 per cent stake.

"Publicis will from now on control 100 per cent of its advertising activities," said Maurice Lévy, chairman, speaking after the Publicis supervisory board unanimously approved the transaction – True North's representative on the board was absent.

The three-for-two parity, set after consulting with Lazard Frères, the investment bank, and Ernst & Young, the accountant, was "generous for True North", said Mr Lévy.

If True North agrees to the transaction, it will end up holding 8.8 per cent of Publicis, which is listed on the Paris Bourse.

Publicis will remain True North's largest shareholder, with 10.6 per cent of its equity.

However, Mr Lévy said these stakes were likely to be unwound eventually.

He said the issuing of 792,000 shares – equivalent to 10 per cent of the equity – would raise earnings per share by roughly 5 per cent from next year.

The cross-shareholdings were established in 1988, as part of a trading alliance through which each company represented the other in markets where it was better established.

The alliance was dropped last year, as relations soured between the two.

Since then, Publicis has reinforced its US presence through the acquisition earlier this year of Hal Riney and Evans Group, two US advertising companies. North America accounts for a quarter of Publicis sales, France for another quarter and the rest of Europe for 41 per cent. Mr Lévy said full-year profits would grow by more than 20 per cent.

As part of the separation negotiations, Publicis had agreed that Publicis Communication would either be floated, or sold to a listed company.

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	Thursday November 5 1998: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Bond	Local % chg on day	Gross Div. Yield	Wednesday November 4 1998: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Dollar Index: 52 week High	52 week Low	Year ago (approx)
Australia (75)	184.15	0.3	175.13	143.86	167.36	204.14	-0.4	3.83	183.60	173.37	142.86	166.02	204.86	219.96	163.86	210.32
Austria (22)	191.30	-1.1	170.60	141.58	164.90	164.78	-1.8	2.12	193.42	173.20	142.72	167.66	167.73	283.73	166.45	200.02
Belgium (22)	381.75	-0.9	340.44	282.30	329.09	322.04	-1.5	2.10	385.07	344.82	284.14	334.18	327.65	396.52	247.42	258.63
Brazil (32)	183.61	5.8	145.90	121.07	141.04	358.05	5.7	2.49	194.46	138.33	113.99	134.06	358.90	368.34	102.86	236.25
Canada (119)	197.93	1.1	176.51	146.47	170.62	217.71	0.8	1.83	195.75	175.29	144.44	169.88	216.02	248.78	159.94	220.78
Denmark (34)	468.42	-0.3	416.81	347.38	404.85	402.44	-1.0	1.74	470.84	421.62	347.43	406.61	406.45	537.33	406.26	413.81
Finland (28)	453.00	-1.9	403.96	336.31	390.50	479.52	-2.5	1.90	461.73	413.47	340.71	400.71	491.97	536.46	287.59	334.88
France (76)	304.92	-1.4	271.98	225.34	262.50	255.34	-2.0	2.35	309.76	278.48	227.88	267.95	271.10	345.16	222.08	282.05
Germany (55)	270.81	0.0	241.50	200.40	233.45	233.46	-0.7	1.39	270.83	242.52	199.85	235.04	235.04	325.61	208.90	230.67
Greece (35)	284.84	-1.0	254.01	210.77	245.54	587.89	-1.8	1.53	287.70	257.83	212.23	249.66	578.19	333.20	211.47	–
Hong Kong, China (87)	317.74	-2.9	283.36	235.12	273.90	315.83	-3.8	4.14	327.10	292.91	241.36	283.87	325.20	369.07	196.64	320.20
Indonesia (26)	39.36	14.6	35.10	29.12	33.93	204.83	9.7	1.65	34.34	30.75	25.34	29.81	186.46	134.64	19.04	134.64
Ireland (16)	469.98	-1.7	419.11	347.77	405.13	441.10	-2.4	2.15	478.15	428.18	352.83	414.96	451.81	580.44	373.47	379.41
Italy (53)	155.50	-0.8	138.67	115.07	134.05	180.46	-1.4	1.48	156.71	140.33	115.64	136.00	198.21	184.49	105.79	108.58
Japan (448)	96.95	-0.6	86.24	73.22	85.30	73.32	-0.3	1.02	98.53	88.13	73.45	86.36	73.46	108.73	76.83	107.76
Mexico (29)	1212.26	-0.8	1081.95	897.79	1045.86	13255.85	-0.3	1.96	1222.59	1094.80	902.14	1061.02	13280.31	1803.07	767.15	1612.41
Netherlands (27)	475.87	-0.9	424.37	352.13	410.21	408.02	-1.6	2.29	480.20	430.01	354.34	416.74	412.59	562.38	391.03	410.84
New Zealand (18)	81.17	5.1	54.56	45.27	52.73	80.25	3.9	4.59	58.22	52.14	42.96	50.53	57.07	89.56	45.68	88.70
Norway (36)	239.48	-2.1	213.66	177.21	206.43	258.97	-3.2	2.52	244.61	219.04	180.50	212.26	268.80	367.71	181.88	351.21
Philippines (22)	77.29	1.4	68.92	57.19	66.85	153.58	3.7	1.01	78.21	68.34	56.23	66.14	149.93	106.96	42.48	86.21
Portugal (18)	260.99	-0.2	232.74	193.13	224.98	303.73	-0.7	1.06	261.39	234.07	192.86	226.85	305.88	298.38	194.13	–
Singapore (41)	195.28	-0.3	174.12	144.49	168.32	145.81	-0.4	3.10	195.70	175.25	144.41	169.84	146.40	264.82	102.46	253.16
South Africa (39)	220.60	-1.3	196.73	163.24	190.17	208.43	-1.0	3.44	223.53	200.17	164.94	193.99	212.14	246.20	151.55	257.52
Spain (30)	370.86	0.5	330.72	274.43	319.68	398.10	-0.2	1.99	369.05	330.48	272.32	320.26	396.89	417.73	241.06	255.39
Sweden (46)	481.67	-1.4	429.72	356.58	415.38	554.71	-2.4	2.11	488.84	437.74	360.71	424.23	568.42	626.19	379.18	487.98
Switzerland (30)	385.53	-1.8	343.81	285.29	332.34	324.57	-2.6	1.31	392.74	351.69	289.80	340.84	333.40	438.48	307.73	318.45
Thailand (35)	23.65	5.2	21.09	17.50	20.38	35.39	4.7	2.83	22.48	20.13	16.59	19.51	31.88	35.82	8.15	35.49
United Kingdom (208)	355.14	-1.8	316.70	262.80	306.14	316.70	-2.3	3.10	362.08	324.23	267.18	314.23	324.23	401.84	307.96	323.80
USA (621)	464.16	1.4	413.93	343.47	400.12	464.16	1.4	1.41	457.86	409.98	337.84	397.34	457.86	485.86	368.13	384.33
Americas (801)	414.18	1.4	369.35	306.48	357.03	351.10	1.4	1.43	408.51	365.81	301.44	354.52	346.33	437.03	326.19	360.09
Europe (738)	335.16	-1.2	298.89	248.01	288.91	301.13	-1.8	2.23	339.33	303.87	250.39	294.49	306.75	388.24	272.02	301.06
Eurobloc (347)	97.49	-0.7	86.93	72.14	84.03	90.94	-1.3	1.90	98.15	87.89	72.42	85.18	92.18	113.28	81.35	–
Nordic (146)	448.95	-1.4	400.36	332.21	387.00	448.95	-2.2	2.03	455.22	407.64	335.80	395.06	459.98	555.97	360.04	439.42
Pacific Basin (730)	106.57	-0.6	95.03	78.86	91.86	81.53	-0.5	1.57	107.23	96.02	78.13	93.06	81.91	119.48	82.88	119.42
Euro-Pacific (1468)	201.52	-1.1	179.71	149.12	173.72	168.85	-1.4	2.00	203.95	182.37	150.27	176.74	169.21	220.18	168.00	188.87
North America (740)	446.33	1.4	398.02	330.27	384.74	447.25	1.4	1.42	440.29	394.27	324.89	382.11	441.26	469.20	353.13	374.16
Europe Ex. UK (530)	313.72	-0.9	279.77	232.15	270.44	284.51	-1.6	1.81	316.58	283.47	233.88	274.73	288.12	368.32	242.12	251.32
Europe Ex. Eurobloc (391)	90.98	-1.8	81.14	67.33	78.44	89.29	-2.4	2.59	92.67	82.98	68.39	80.42	91.44	102.85	77.40	–
Europe Ex. UK Ex. Eurobloc (183)	92.07	-1.8	82.10	68.13	79.36	86.52	-2.4	1.57	93.57	83.79	69.04	81.20	88.65	106.21	75.16	–
Pacific Ex. Japan (284)	180.19	-0.8	160.69	133.34	155.33	188.19	-1.1	3.72	181.58	162.60	133.99	157.58	185.23	223.86	128.25	323.85
World Ex. Eurobloc (1961)	97.92	0.5	87.32	72.46	84.41	96.35	0.4	1.57	97.47	87.28	71.82	84.59	95.98	103.18	83.09	–
World Ex. US (1687)	201.80	-0.9	179.98	149.33	173.95	168.13	-1.3	2.04	203.65	182.36	150.27	176.73	171.30	221.81	165.95	191.60
World Ex. UK (2100)	279.77	0.5	249.49	207.02	241.16	248.25	0.4	1.55	278.28	249.00	205.35	241.51	247.30	298.02	234.34	246.41
World Ex. Japan (1862)	379.67	0.4	338.58	280.95	327.26	367.41	0.2	1.79	378.22	338.69	279.08	326.23	366.84	411.23	312.98	326.15
The World Index (2308)	288.27	0.3	255.28	211.83	246.77	254.59	0.1	1.71	285.47	255.63	210.64	247.74	254.32	308.56	241.30	253.00

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FTSE GOLD MINES INDEX

	Nov 5	% chg on day	Nov 4	Year ago	Gross div yield %	Total return	52 week High	52 week Low
Gold Mines Index (20)	1109.70	3.8	1117.35	1202.22	1.80	1101.70	1351.57	701.88
By Regional Indices:								
Africa (4)	1163.14	0.7	1155.53	1241.56	3.57	1168.80	1438.04	785.63
Australasia (8)	1278.18	4.3	1225.90	1222.87	2.34	1282.13	1600.53	815.93
Americas (11)	1154.84	5.0	1099.90	1230.60	0.63	1155.83	1317.61	647.80

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FINANCIAL TIMES
No FT, no comment.

Unilever

UNILEVER RECORDS £1.135 BILLION PRE-TAX PROFIT FOR THIRD QUARTER
PLC Interim dividend fixed at 2.95p

Third Quarter £millions 1998	1997			Nine Months £millions 1998	1997	
7,419	7,354	+1%	Turnover	21,899	22,463	-3%
7,419	7,354	+1%	continuing operations	21,899	21,186	+3%
1,116	821	+36%	Operating profit	2,524	2,141	+18%
1,116	821	+36%	continuing operations	2,524	1,977	+28%
972	947	+3%	Operating profit BEI continuing operations	2,370	2,166	+9%
–	–	–	Profit on sale of chemicals	–	2,658	
1,135	831	+37%	Pre-tax profit	2,611	4,717	-45%
712	529	+35%	Net profit at constant exchange rates	1,644	3,382	-51%
712	529	+35%	excl profit on sale of chemicals	1,644	1,282	+28%
676	524	+29%	Net profit at current exchange rates	1,539	3,333	-54%
676	524	+29%	excl profit on sale of chemicals	1,539	1,293	+19%
9.02p	7.00p	+29%	Earnings per share per 1.25p ordinary PLC share	20.52p	44.55p	-54%
Interim dividends:			per 1.25p ordinary PLC share:	2.95p		+5%
			per Fl.1 ordinary N.V. share:	Fl. 0.81		+9%

BUSINESS PERFORMANCE

Prevailing economic uncertainties in the third quarter had no significant impact on our businesses in Europe and North America. In developing and emerging markets, however, growth slowed with weakened consumer demand in South East Asia and Latin America. Against this mixed background, businesses have concentrated on building market positions.

Europe: overall sales declined 6% as a result of lower ice cream sales due to very poor weather in Northern Europe and the impact of business disposals. Sales advanced strongly in home care where we continue to benefit from the successful launch of laundry tablets. There was also strong growth in personal care. Overall, profits rose with good contributions from yellow fats, culinary and home care; operating margins improved further. Market shares strengthened in most corporate categories.

North America: sales grew 3% after effect of disposals. Foods business achieved good growth, notably in ice cream and yellow fats. Personal care sales grew strongly both in mass markets and prestige fragrances following successful product launches. Profits and margins were lower as result of higher marketing investments.

Africa and Middle East: sales up 10% with continued good growth in all corporate categories. Profits grew strongly with major contributions from South Africa and Arabia and an improvement in Nigeria. Margins well ahead of last year.

Asia & Pacific: sales increased 13% largely reflecting price increases to recover higher costs in South East Asia following currency devaluation. Good growth in India in response to major marketing initiatives. These priority areas accounted for the majority of profit increase, with results in China remaining weak.

Latin America: sales increased 4% reflecting good growth in personal care, but mixed performances in other corporate categories. Significantly increased marketing investments and reorganisation costs reduced operating profit against a background of weakening consumer demand. Good progress continued in Mexico.

Net Funds: Net funds at closing exchange rates were £3,956 million at end of first nine months (same period 1997: £3,905 million). Net gearing is therefore zero.

Advance Corporation Tax (ACT): in accordance with provisions of the UK Finance Act 1998, ACT is abolished in respect of dividends paid after April 5 1999. From that date, starting with the 1998 final dividend, PLC will no longer be required to take ACT into account under the terms of the Equalisation Agreement and dividends will be equalised with the N.V. dividends without regard to ACT.

Sale of PBIC: the sale of Plant Breeding International Cambridge Limited in July to Monsanto realised a profit of £260 million which is included in results for the third quarter.

The results for the fourth quarter and for the year 1998 and the proposed final dividends in respect of 1998, will be announced on 23rd February 1999.

For copies of Unilever results statements telephone Freephone 0800 181 891 or write to: Unilever Corporate Relations, P.O. Box 68, Unilever House, London EC4P 4BQ, or P.O. Box 760, 3000 DK Rotterdam. For information about Unilever, access Internet address: http://www.unilever.com

Third Quarter Results 1998

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COMPANIES FT MARKETS

Weekend November 7/November 8 1998

CAROLINA BUILDERS
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WALL STREET CHEERS $600M DEAL TO ACQUIRE INGRAM GROUP

Barnes & Noble to buy top book distributor

By John Labate in New York

Barnes & Noble, the leading US book retailer, is to acquire Ingram Book Group, the country's largest book distributor, for $600m in the latest stage of the bitter struggle for dominance of the US bookselling market.

Ingram, which is a private subsidiary of Ingram Industries, is the largest supplier to Amazon.com, a big rival of Barnes & Noble in the growing online book market.

Barnes & Noble said it had agreed yesterday to pay $200m in cash and $400m in shares for the distributor.

Wall Street cheered the news, sending Barnes & Noble shares more than 10 per cent higher to $34 in midday trading.

But the deal must win the approval of US federal regulators.

The crux of the regulatory issue is that Ingram supplies books to hundreds of small independent book retailers, as well as being the largest supplier to Amazon.com.

In response to yesterday's deal, the American Booksellers Association issued a strongly worded statement calling the acquisition "a devastating development that threatens the viability of competition in the book industry and limits the diversity and availability of books to consumers".

The group called on antitrust regulators to investigate and stop the combination.

But Barnes & Noble executives were quick to defend the purchase. "I don't think there are antitrust concerns," said Alan Kahn, chief operating officer at Barnes & Noble. "We have just 14 per cent of the US book market and Ingram is not in the retail end of the business."

In a prepared statement, the company said: "The Ingram Book Group will continue to supply books to current customers including independent bookstores, specialty retailers, and libraries in the US and abroad."

If approved, the combination would offer Barnes & Noble key strategic advantages, including, eventually, the ability to ship orders to customers in any part of the US within 24 hours, a level of service especially attractive to online consumers.

Ingram would give the company 10 distribution centres spread across the US. Barnes & Noble currently operates a single distribution warehouse located in New Jersey.

Barnes & Noble is best known for its chain of US superstores in both urban and rural regions. It operates 504 stores under its own name and an additional 507 B. Dalton bookshops.

Bertelsmann, the German media group, last month bought a 50 per cent stake in barnesandnoble.com, Barnes & Noble's internet arm. The two companies agreed to spend $100m expanding online bookselling in the US.

Increased exports boost Japanese shipping lines

Lower yen and higher freight rates to Europe and US lift profits

By Julie Hess in Tokyo

Japan's big shipping companies look set to dispel theories that the country's gloom is all-pervasive. Mitsui OSK Lines, Japan's number two in liner trade, is riding high on a wave of increased exports and higher freight rates, reporting a 52.8 per cent rise in operating profits to Y11.9bn.

Nippon Yusen, Japan's largest shipping company, yesterday announced a 22.9 per cent rise in operating profits to Y14.9bn in the six months to September 30.

Although Kawasaki Kisen suffered a 12 per cent decline to Y8.6bn on the back of higher expenses for vessels, all three predicted an increase in unconsolidated pre-tax profits, excluding exceptionals, for the full year.

The companies said they had been hurt by the economic crisis in Asia, where liner freight rates and cargo volume have come under pressure, but this had been offset by higher freight rates and an increase in volumes from Asia to the US and Europe. Income was also boosted by the depreciation of the yen.

Ships have been running at 100 per cent capacity between Asia and the US, enabling a 10 per cent rise in freight rates in May. Companies have forecast an increase of another 40 per cent in freight rates for the Asia-US route next May. "It mainly depends on the development of the US economy whether this substantial increase materialises. In any case, a double-digit growth figure is likely," said Paul Smith, transport analyst at HSBC.

All Japan's shipping companies have benefited from continued high levels of car exports to all regions except Asia. But the dry bulk market – carrying products such as iron, coal and grain – has remained weak, reflecting a slowdown in Japanese industrial production and falling demand in Asia.

Navix Line was particularly hard hit, deriving 66 per cent of its revenues from dry bulk. Navix Line's operating profits fell 11.8 per cent to Y1.9bn. It is the only company with almost no exposure in the liner business.

Cost-cutting continued to show results across the board, as did improved efficiency.

The results were announced before the market closed. Nippon Yusen's share price fell 0.26 per cent to Y384, Mitsui OSK declined by 1.06 per cent, closing at Y186, and Kawasaki Kisen rose 0.59 per cent to Y170. Navix Line was unchanged.

LucasVarity shareholders revolt over Wall St plan

By Andrew Edgecliffe-Johnson

As displays of people power go, it was not quite the peasants' revolt.

A band of disgruntled private investors did, however, leave in the balance LucasVarity's plan to emigrate from London to Wall Street.

Yesterday's two-hour shareholder meeting produced an overwhelming show of hands against the car parts maker's planned change of domicile and registrars were counting proxy forms late into the night.

Advisers, who had remained calm through a volley of criticism in recent weeks, muttered that the result was "too close to call".

LucasVarity appeared to have ensured the necessary simple majority of the shareholders voting, but was unsure about the second hurdle – securing 75 per cent of the votes by value. Among the opponents was a handful of UK institutional shareholders with more than 15 per cent of the company.

Small shareholders added their voices to the institutions' opposition. One vehement former employee said the proposal "reeked of manipulation and greed" and accused the directors of using the company as "an Ali Baba's cave."

Victor Rice, LucasVarity's chief executive, conceded at the meeting that the proposal was "sensitive" but did little else to dispel accusations of condescension in the company's approach to investor relations.

The US-based Mr Rice told one shareholder that his information was out of date, advised another that he was "just wrong", and said he did not have the time to give "a teach-in" on the differences in the cost of capital on either side of the Atlantic.

His chairman, Ed Wallis, said LucasVarity had been advised that its share price could be up to 30 per cent higher in New York. He added that pay had not been a factor in the board's "unanimous" recommendation of the move.

Independent advisers from Lazard Brothers, Morgan Stanley and Merrill Lynch also came under fire from the 116 shareholders at the meeting in an old City brewery.

THE LEX COLUMN

Raising the standard

Talk about the Midas touch. In the five weeks since Rana Talwar took over as chief executive at Standard Chartered, the share price has risen by 62 per cent. The tale, of course, is a little more complex. HSBC, after all, has also climbed by 50 per cent from its October low. And both remain a third or so below their 1997 peaks. Is there any sense in these moves?

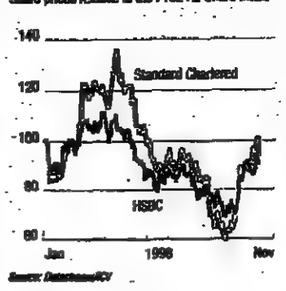
At the very least, there is a change in sentiment. This has been triggered by falling US interest rates and the slump in the dollar – a combination that has taken the pressure off Asian currencies, allowing interest rates to fall. Whether this justifies these moves is moot. True, the earlier corrections were probably too severe. But knowing what fair value is for Asian-focused banks is more art than science. If you believe in Asia, medium-term optimism is appropriate. HSBC and Standard Chartered are profiting from a flight to quality as weaker European and Japanese banks dash for cover. Their competitive positions are getting stronger.

Shorter term, caution must be appropriate. The economies in Hong Kong and Asia where these banks do most business will shrink this year and probably next too. This will hit lending volumes. If the current improved sentiment persists, margin pressure may not be too severe, especially as the banks can make customers pay for the security they offer. But bad debt charges will certainly jump, despite the Asian disinclination to default.

With the two banks trading on price/book ratios of around 2.7, it is not clear that investors are allowing properly for the hit which will come next year. True, the turnaround sentiment should provide a floor under prices. But further momentum will require more tangible evidence that Asia is on the mend. Meanwhile, local banks like Barclays and NatWest trade on similar multiples, yet face a much less demanding outlook. Mr Talwar's honeymoon may be drawing to a close.

HSBC and Standard Chartered

Share prices relative to the FTSE All-Share Index



Source: Datastream/ICV

LucasVarity

This can hardly have been the triumphant curtain call Victor Rice will have wanted. Voting on LucasVarity's plan to shift domicile to the US is so close the count may carry on through the early hours of this morning. This is not surprising. The case for the move has not been convincingly made. The costs of this arbitrage between investor tastes for automotive stocks either side of the Atlantic are likely to outweigh the benefits.

If Mr Rice loses the vote, his credibility will certainly have been damaged by shareholders' refusal to back him on such an important strategic move. But only if he refuses to build bridges with them to make the best of their differences should shareholders call for his head. Encouraging sensible shareholder activism should not lead to revolving doors being installed in the UK's boardrooms.

If Mr Rice wins and LucasVarity goes, he will still have to prove himself. Unless he delivers the promised superior returns in short order, he should carry the can for an unnecessary waste of time and energy.

Cookson

At last, Cookson has come clean with a profit warning rather than trickling out the bad news through broker downgrades. A conglomerate in search of a core, Cookson's value destruction rivals BTR's in scope. Over the last decade it has underperformed the UK market by a spectacular 82 per cent. Such consistent underperformance stretches most definitions of cyclicality.

Yesterday's revelation that profits are flat over nine months is largely because the ceramics business is suffering from a sharp fall in US steel production. But a reshuffling of assets (and management) that has taken place over the last few years has not turned Cookson into the promised high-growth company. Next year's forecast pre-tax profits are some 20 per cent lower than in 1995.

Despite nearly £700m ($1.2bn) of sales bought on a multiple of 0.8 times sales and a little over £500m sold at an average of 0.6 times, the benefits of shinning up the value chain are yet to flow through. A conglomerate structure stifling intrinsic growth potential must take the bulk of responsibility.

Not only are the synergies between the three umbrella divisions – ceramics, electronics and engineering – minimal; but only electronics is really a coherent division in its own right.

That Cookson acknowledges the need for further pruning in the engineering business is welcome. But unless more radical measures erode a 30-35 per cent discount to sum-of-the-parts valuations, bid approaches seem inevitable.

Employee shares

The UK government believes, with some justification, that employees who are incentivised with shares will work harder. The chancellor has certainly been impressed by links between the dynamism of the US economy and employee share ownership there. But how far should a government go in promoting it?

The chancellor seems to be prepared to throw more tax-breaks at these schemes, since he wants to double the number of firms offering them. Quite how feasible this will be is another matter, since most quoted companies already have them, and many unquoted companies do not because there is no liquid market for the equity.

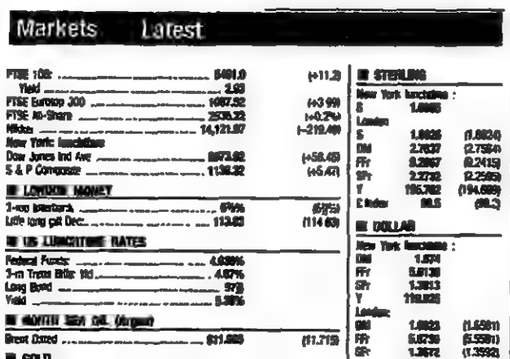
And if the government wants to improve the take-up rate, more tax breaks may not even do the trick. The incentives are already generous. Incentivising employees to hang on to their shares for longer is also tricky territory. What is a long time for one employee/company is a short time for another. Also, it is understandable if employees want to sell their company's shares to diversify portfolios.

If share-ownership schemes do improve performance, surely companies could see the benefit and promote them without any state subsidy? The government could argue tax breaks are needed to get companies hooked on such schemes – after which subsidies could be phased out. But it has yet to make this case, let alone convincingly.

Employees and companies will cheer if government backs its rhetoric with even more juicy tax breaks. As taxpayers, they should be less sanguine.

Companies in this issue

Markets Latest



FTSE 100	5491.0	(+11.2)
Yield	2.93	
FTSE Eurotop 300	1097.52	(+3.99)
FTSE All-Share	2536.22	(+0.2%)
Nikkei	14,121.97	(−210.49)
New York Industrials		
Dow Jones Ind Ave	8973.02	(+58.45)
S & P Composite	1136.32	(+5.47)
LONDON MONEY		
3-mo Sterling	6¾%	(6⅞%)
Liffe long gilt Dec	113.63	(114.03)
US LUNCHTIME RATES		
Federal Funds	4.63%	
3-m Treas Bills Yld	4.67%	
Long Bond	97⅞	
Yield	5.38%	
NORTH SEA OIL (Argus)		
Brent Dated	$11.625	(11.71)
GOLD		
New York ComexDec	$294.0	(294.9)
London	$290.25	(291.85)

STERLING		
New York lunchtime :		
$	1.6665	
London		
$	1.6626	(1.6634)
DM	2.7637	(2.7584)
FFr	9.2867	(9.2415)
SFr	2.2732	(2.2563)
Y	195.782	(194.669)
£ Index	98.5	(98.2)
DOLLAR		
New York lunchtime :		
DM	1.6574	
FFr	5.5730	
SFr	1.3613	
Y	116.820	
London:		
DM	1.6623	(1.6591)
FFr	5.5730	(5.5591)
SFr	1.3672	(1.3592)
Y	116.370	(117.085)
$ Index	105.0	(104.5)
Tokyo close Y 116.61		

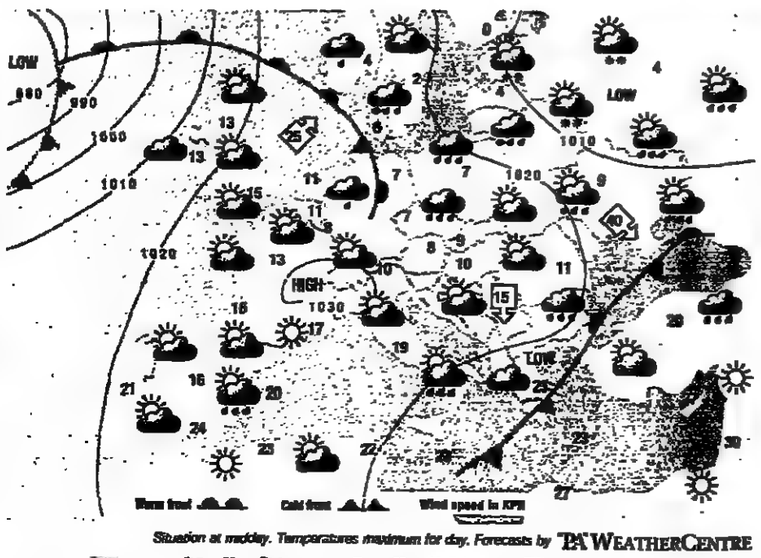
Weather

Europe today

Denmark, southern Norway and southern Sweden will have rain for most of the day, some heavy. The rest of Scandinavia will have sunny spells and wintry showers. It will be wet in the Low Countries and Germany. Austria, Switzerland and France will be dry with sunny spells. Most of Spain and Portugal will also be dry but there is the risk of a late afternoon shower on the Costa Blanca. Northern Italy will be dry but central and southern Italy will be showery.

Five-day forecast

North-west Europe will be very unsettled with heavy rain moving in from the Atlantic, the bands of rain moving east across northern Europe and into Russia. The Mediterranean will start the week mainly fine, with the exception of showers in the east, but many parts will have showers before the week is over.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

TODAY'S TEMPERATURES

		Maximum Celsius			Maximum Celsius
Abu Dhabi	Sun	32	Barcelona	Fair	17
Accra	Fair	32	Beijing	Sun	13
Algiers	Fair	23	Belfast	Fair	13
Amsterdam	Rain	11	Belgrade	Fair	11
Athens	Cloudy	23	Berlin	Shower	7
Atlanta	Fair	18	Bermuda	Shower	25
B. Aires	Shower	18	Bogota	Cloudy	20
Bahrain	Fair	13	Bombay	Fair	33
Bangkok	Fair	30	Brussels	Fair	11
			Budapest	Fair	10
			C'hagen	Shower	6
Cairo	Sun	26	Faro	Fair	23
Caracas	Fair	31	Frankfurt	Cloudy	10
Cardiff	Fair	13	Geneva	Fair	10
Casablanca	Fair	25	Gibraltar	Fair	21
Chicago	Fair	8	Glasgow	Fair	13
Cologne	Fair	10	Hamburg	Shower	7
Dakar	Sun	30	Helsinki	Snow	0
Dallas	Cloudy	21	Hong Kong	Fair	28
Delhi	Fair	28	Honolulu	Shower	30
Dubai	Sun	32	Istanbul	Fair	19
Dublin	Fair	13	Jakarta	Cloudy	32
Dubrovnik	Shower	16	Jersey	Fair	15
Edinburgh	Fair	13	Johannesburg	Fair	26
			Karachi	Sun	33
			Kuwait	Sun	32
			L. Angeles	Fair	20
			Las Palmas	Fair	28
			Lima	Cloudy	21
			Lisbon	Cloudy	21
			London	Fair	15
			Luxbourg	Cloudy	8
			Lyon	Fair	12
			Madeira	Fair	24
Malaga	Fair	18	Reykjavik	Rain	7
Majorca	Fair	20	Rio	Cloudy	25
Malta	Fair	23	Rome	Fair	19
Manchester	Fair	13	S. Frisco	Rain	17
Manila	Rain	29	Seoul	Fair	16
Melbourne	Rain	17	Singapore	Thunder	29
Mexico City	Fair	23	Stockholm	Fair	2
Miami	Fair	26	Strasbourg	Fair	10
Milan	Fair	15	Sydney	Thunder	27
Montreal	Fair	5	Tangier	Fair	25
Moscow	Sleet	4	Tel Aviv	Fair	30
Munich	Cloudy	9	Tokyo	Shower	19
Nairobi	Fair	25	Toronto	Sun	8
Naples	Fair	20	Vancouver	Cloudy	9
Nassau	Cloudy	28	Venice	Fair	15
New York	Sun	10	Vienna	Fair	8
Nice	Sun	17	Warsaw	Rain	7
Nicosia	Sun	27	Washington	Fair	11
Oslo	Drizl	4	Wellington	Cloudy	16
Paris	Fair	13	Winnipeg	Cloudy	-1
Perth	Fair	23	Zurich	Fair	9
Prague	Fair	9			
Rangoon	Fair	30			

POWER IS NOTHING WITHOUT CONTROL.
P3000

ALPHA ASTIKA AKINITA

INCORPORATED COMPANY OF REAL ESTATE CONSTRUCTIONS TOURIST AND RELATED ENTERPRISES

PUBLIC CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF THE COMPANY "ATHANASSIOS ZACHARAKIS - COTTON FACTORY A.E.V.E."

"ASTIKA AKINITA" S.A. (43 Panepistimiou str. 105 64 Athens) under its capacity as special liquidator by virtue of resolution No. 2518/10.07.1998 of the Thessaloniki Court of Appeal, of the incorporated company under the title "ATHANASSIOS ZACHARAKIS - COTTON FACTORY A.E.V.E." and the abbreviated title "ARO A.E.V.E." (hereinafter referred to as the "enterprise").

ANNOUNCES

A public call for tenders with sealed, binding offers, for the sale of the total assets of the enterprise under special liquidation by virtue of article 48a, L. 1892/1990.

ACTIVITIES AND BRIEF DESCRIPTION OF THE COMPANY

The company under the title "ATHANASSIOS ZACHARAKIS - COTTON FACTORY A.E.V.E." and the abbreviated title "ARO A.E.V.E. was established by Act No. 20490/23.12.1964 of the Serres notary public Theodore Koutsou-Hadzithomas. The seat of the company was initially the Municipality of Serres and is currently the Municipality of Thessaloniki.

The objective of the company according to its article of association is the pursuit of profitable activities by 1. The establishment of a cotton seed processing factory in the Drama Industrial Zone. 2. The purchase of seed-bearing cotton, processing (ginning) cotton and sale of the finished product. 3. Ginning on behalf of third parties. 4. Production of fibre in the factories of third parties or in a textile unit to be established by the company and sale of the textiles produced. 5. Processing derivative products by a company unit and sale thereof, or sale thereof in an unprocessed form. The Company has a self-owned site covering an area of 35,000.59 square metres which contains the units building installations, covering a total area of 10,615.00 square metres, and the other additional and auxiliary buildings required for its operation. On July 10, 1998, the company came under special liquidation provided by article 48a, L. 1892/1990, by virtue of Decision no. 2518/1998 of the Thessaloniki Court of Appeal, by which "ASTIKA AKINITA" S.A. was appointed special liquidator.

The assets of the "enterprise" include one (1) site, with all its contents, annexes, attributes and additions, with the building complex situated thereon (ginning factory), with all its electrical and mechanical equipment and the machinery installed therein, and all the area it covers in general. This site is located within the Drama Industrial Zone, in the cadastral region of Xiropotamos, Prefecture Of Drama.

INVITES

any interested parties to receive the offer memorandum and submit a sealed, binding offer accompanied by a letter of guarantee by a Bank operating lawfully in Greece, for the sum of one hundred million (100,000,000) drachmas and the contents described in the offer memorandum.

TERMS OF THE CALL FOR TENDERS

1. The public call for tenders will be carried out according to the provisions of article 48a, L. 1892/1990 which was added to the law by virtue of the provision of article 14, L. 2000/91, as amended, modified and applicable with the terms included in the present call for tenders and the terms of the offer memorandum, which interested parties may obtain after submitting a pledge of confidentiality in writing.

2. In order to participate in the call for tenders, interested parties are invited to deliver a sealed, binding offer in writing by 11:00 Monday, November 30th, 1998 to the Thessaloniki notary public Mrs. Ioanna Billiri-Chrousala, 11 Tsimiski str., 546 24 THESSALONIKI, tel.: 031-276036.

3. The offers and the letter of guarantee must be delivered in a sealed, opaque envelope by the interested party in person, or by his authorized representative.

4. The offer must mention clearly the amount offered for the purchase of the "Enterprise" and must not contain any terms, options or vague phrases which might create uncertainty as to the amount or the manner of payment of the sum being offered or other matters related to the sale.

5. Offers delivered after the expiration date will not be accepted and will not be considered. The binding nature of the offers will apply until the award of the sale.

6. The assets of the company and all the secondary fixed of current attributes of which they consist, such as real estate, moveable objects, cases, claims, title, rights, etc. will be sold and transferred "as and where they are", i.e. in their real and legal condition and at the place where they are located on the date of signing the contract of sale.

7. The liquidating company and the creditors representing 51% of total claims against the "Enterprise" (para. 1, article 48a, L. 1892/1990 as applicable) are not liable for any legal or real defects or the lack of any attributes of the objects and rights being sold, nor are they liable for any omissions or inaccuracies contained in their description in the offer memorandum or in any correspondence.

8. Interested potential purchasers are obligated, under their own supervision, and by their own means, expenses and personnel, to investigate and acquire a personal perception of the objects being sold, and to mention in their offer that they are fully informed as to the real and legal status of the assets under sale.

9. The liquidator and the creditors mentioned in para. 7 above are entitled, according to their own judgement, to reject offers containing terms and options, or the phrases referred to in para. 4 above, regardless of whether they are superior to other offers as regards the amount being offered.

In any case, the creditors are entitled, according to their own judgement, to dismiss, offers containing terms or conditions, regardless of whether such offers are superior to others, or to consider such terms as non included, in which case the offer remains binding as to its other contents (article 2, para. 3, L. 2322/1995).

10. In the event that highest bidder violates his obligation to come forward and sign the relevant contract within ten (10) days from the invitation by the liquidator and observe the obligations arising from the present announcement, the letter of guarantee is forfeited in favour of the liquidating company, towards covering all its expenses of any type and its services, as also any direct or indirect damages, without the necessity of proving specific damage, and as a penal clause in favour of that company, deemed as having been submitted with the offer, so that the guarantee may be collected from the issuing Bank. The letters of guarantee will be returned, following the payment by the successful bidder of the amount agreed and his fulfilment of all obligations arising from this announcement and the offer memorandum and following the transcription of the transfer contract and the payment order.

11. The seals of the offers will be broken by the notary public mentioned above at her office, at 12:00 on Monday, November 30th, 1998.

12. The successful bidder will be the party whose offer will be judged by the liquidator and approved by the creditors mentioned in para. 7 of the present, as being the most advantageous for the "Enterprise" creditors.

13. The liquidator will notify the successful bidder in writing of his obligation to come forward to the place and at the time determined in the notification, for signing the contract transferring the assets, according to the terms of the offer and any improved terms that may be indicated by the creditors and agreed with the highest bidder.

14. All expenses and costs connected to the procedure of the various stages of the special liquidation, from the placement of the company under special liquidation up to the transcription of the acts certifying that the highest bidder has fulfilled his obligations, after the award and transfer of the company's assets (such as taxes, stamp duty, notary public's fees, registrar's fees, V.A.T., publications of the overall special liquidation procedure, etc.) will burden the highest bidder exclusively, as described in detail in the offer memorandum.

15. In the event of part of the purchase amount being on credit, the highest bidder will be under the obligation to provide any guarantee requested by the liquidator according to his own exclusive judgement, and will bear all related expenses and fees for the formation of such guarantees and their cancellation.

16. The liquidator and the creditors will not bear any responsibility or liability against those who will participate in the tender as regards the evaluation of the offers, their recommendation of the successful bidder, any decision for repetition or cancellation of the tender and any other decision relevant to the procedure and realization of the tender.

17. The present announcement has been drafted in the Greek language and translated into the English language. In every instance however, the Greek text will prevail.

Interested parties may collect offer memoranda and receive other information from Mr. Christos Agathopoulos and Mr. Gerassimos Christopoulos, 43 Panepistimiou Street, Athens 105 64, telephone nos: 326 6111 and 326 6110, fax no: 326 6118.

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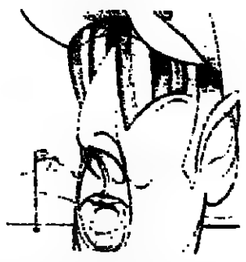
هكذا من الاصل

FT WEEKEND
NOVEMBER 7 / NOVEMBER 8 1998

THE UNIVERSITY OF JORDAN SERIALS DIVISION



Known only unto God

Next Wednesday marks the 80th anniversary of Armistice day, the ending of the first world war. For **William Packer** it was time to pay homage at the killing fields where his grandfather died

"I have seen Sordet's cavalry march through Inchy on the eve of Le Cateau; I have seen the Iron Corps of France march through the square at Ypres; I have seen the 1st Canadian Division marching to St Julien before the gas attack; . . . but I have no remembrance to equal in any way that of the old regiments of the BEF marching to the Battle of Mons."

This view of a Captain Brownlow has always stayed with me, for my mother's father had marched with that same British Expeditionary Force, sent to France in August 1914, to defend the integrity of Belgium and be home by Christmas – that "contemptible little army" of the Kaiser's dismissive phrase.

But I know little about him. My grandmother was always reluctant to speak and I hardly thought to ask until too late. But I do know he had taken the Queen's shilling as a young man, and had been in the Boer War.

By 1914, 5426 Private John Wornham, 1st battalion The Hampshire Regiment, had been out of the army for some years but, as a former regular, was still on the reserve. So, by the end of August, he was back with the colours in France, coming into the line at Le Cateau on the 26th, just as General Sir Horace Smith-Dorrien was turning to face overwhelming numbers of Germans in what proved to be a brilliant and crucial holding action, buying just enough time for the British to disengage and slip away.

The 1/Hampshire, and my grandfather with it, fought with the BEF through the long retreat to the Marne, the advance to the Aisne and the Race to the Sea. By late October, they were at Ypres, in the one corner of Belgium the Germans were never to take. And there they stayed, through the 1st Battle of Ypres that autumn, the 2nd Ypres and the first gas attacks in the spring of 1915.

In early July the battalion was back in the front line, across the Yser Canal in front of Boesinghe, north of Ypres itself, just where the Salient begins its eastward bulge and protective sweep around the city.

On July 6 the 1/Rifle Brigade had recaptured 300 yards of what was called the International Trench, which the 1/Hampshire took over from the 2/Lancashire Fusiliers on the night of July 8-9, coming out of the line on the night of July 10.

The regimental history laconically records that the forward companies were "heavily shelled and trench-mortared, while bombing duels went on all day . . . With the trenches much-damaged and the parapet not bullet-proof, casualties were heavy . . . footnote: 18 killed and 55 wounded."

My grandfather was one of the 18. He was 35. His body was never recovered, or at least identified, for quite possibly it lies in one of the several British cemeteries nearby (there are more than 150 in the Salient as a whole) – "A Soldier of the Great War: Known unto God."

His name is on the war memorial in the marketplace at Faringdon once in Berkshire, now allotted to Oxfordshire, close to the tiny village of Shellingford where he and my grandmother had been living; and it is inscribed too on the Menin Gate at Ypres, the great memorial to the near-55,000 from Britain and the Empire, killed in the Salient alone, between 1914 and August 15 1917, "who have no known grave".

Tyne Cot, on the slopes of Passendale Ridge about five miles to the north-east, has another 35,000 names, and 14,000 graves besides, from 3rd Ypres (Passendale) through to the end of the war. The scale of such loss is beyond comment.

I had never visited Ypres, but with the 80th anniversary of the Armistice coming up – the Queen will be in Ypres on Wednesday, Armistice Day itself – this seemed at last the time to go.

I went first to the Menin Gate to see my grandfather's name, which I found with surprising ease. Blomfield's handsome but in no sense triumphal arch stands where the medieval gate had stood until the 18th century, to close again the gap in Vauban's historic ramparts. It sits close to the city's heart in every sense, and I never thought so looming a presence would seem so benign.

> Every evening buglers of the Ypres fire brigade sound the last post beneath the Menin Gate

And every evening at 8 o'clock, as it has every day in peacetime since its completion in 1929, in rain and shine, in a spontaneous gesture that has become fixed tradition, the traffic stops for buglers of the local fire brigade to sound the last post beneath its arches. The ceremony is simplicity itself, dignified, sincere and infinitely touching.

A new museum, "In Flanders Fields", in the old Cloth Hall, rebuilt after the Great War, like the town itself, is unexpectedly compact, set upon a sequence of thematic displays and tableaux, some still provisional, that make as much use of archive film, inter-active screens and special effects as of actual objects.

The intention is to dwell, at the personal level of experience, on context and the general aspects of the life that had to be endured, on either side – the general enthusiasm at the outset; the life of the trenches; the Christmas truces; social and military prejudices and expectations; the artists and poets; discipline; the nurses and the wounded; the prisoners of war.

Any such enterprise inevitably runs the risk of tendentious revisionism, or mere trivialisation, but here it is carried off, for the most part, with a sympathetic and imaginative objectivity.

But Ypres itself and the Salient are still the real museum, though Hell-Fire Corner is now only the first roundabout on the Menin Road, and modern factories encroach upon the battlefields.

Bodies still turn up as foundations are dug – only last month more were properly buried in the cemetery kept open for the purpose. All of these were gifts in perpetuity from the Belgians, but since the second world war, the Germans and French have concentrated their graves into one or two.

The German cemetery at Langemark, along the ridge from Pilkem, alone commemorates, on the dark marble slabs laid beneath the trees, 44,000 dead, with 24,000 laid in one vast mass grave.

There too are the 2,000 untrained students, let off in 1914 to enjoy the action while it lasted, and be back by Christmas and the new term.

The British, too, have their larger cemeteries, such as Tyne Cot, but even they are set around what were the immediate burials close to the fighting. The strong local feeling is that they should never be rationalised, for they are part of the historic fabric of the Salient, testimony on the spot to the reality, over three dreadful years and more, of the constant raids and assaults, the "bombing duels" and "heavy shelling" of the reports.

To walk along a little path through the fields, to the cross that marks a little plot with its dozen or two well-kept graves, to Caesar's Nose perhaps, or Dragoon Camp, is even more sobering than seeing the regiments of headstones marching across the hillside.

The city archive could not have been more helpful, and armed with a photocopy of the old trench map, my guide and I set off next morning to find that International Trench – or rather where it was, for except in isolated preserves such as Sanctuary Wood and Essex Farm, no trenches remain, nor even traces.

But it was not difficult. Over the bridge at Boesinghe, right and right again down the lane to the long left-hand bend given on the map, and there we were. And just in time, for the road is now blocked off, and the ground much tumbled and disturbed in evident preparation for more development, though for the moment the disturbance seemed not inappropriate.

The trench had run close to the road at a shallow tangent to its curve, with its back to the canal. I walked across to stand more or less upon its line, and looked out across the bleak autumn fields beyond the road.

> Bodies still turn up as foundations are dug – only last month more were properly buried

There, 800 yards away to the front, was the Farm 14, just as on the map. And as I stopped, a large hare started up and disappeared behind a spoil-heap. Birds apart, it was the only wild thing I saw all day.

Only on the ground does one even begin to understand. Looking out across this sodden, gently undulating landscape, you can just see the low rises in the distance that form the rim of the shallow half-bowl that was the Salient – Pilkem Ridge away to the left, and Langemark beyond, and so on round to Passendale, Sanctuary Wood and Messines to the south.

This is a country where even an elevation of 50ft affords a commanding advantage: and there, with their backs to the canal, trying to move up, were the British; there, always trying to move down, were the Germans. The stalemate cost 500,000 lives.

According to the register at the Menin Gate, my grandfather was killed on July 9 1915. His commanding officer, Captain K.A. Johnston, thought it was the 10th. No matter. His letter to my grandmother, written in indelible pencil, is by me now.

It begins with sincere but formal sympathy – for how many such letters had he already sent. But then one senses something more personal. "I am particularly grieved about it, as it always seems my best men go; but I suppose we must all have our turn. There are very few of us left in this company who were here six months ago."

My grandmother once told me that Jack, her husband, home on leave that spring, had said he knew he would not come back. He went away nonetheless, to do, as Captain Johnston wrote, "his duty like a man, and (be) a credit to the regiment", for king and country.

As Shakespeare's Feeble has it in *Henry IV Part II*: "No man's too good to serve's prince; and let it go which way it will, he that dies this year is quit for the next."

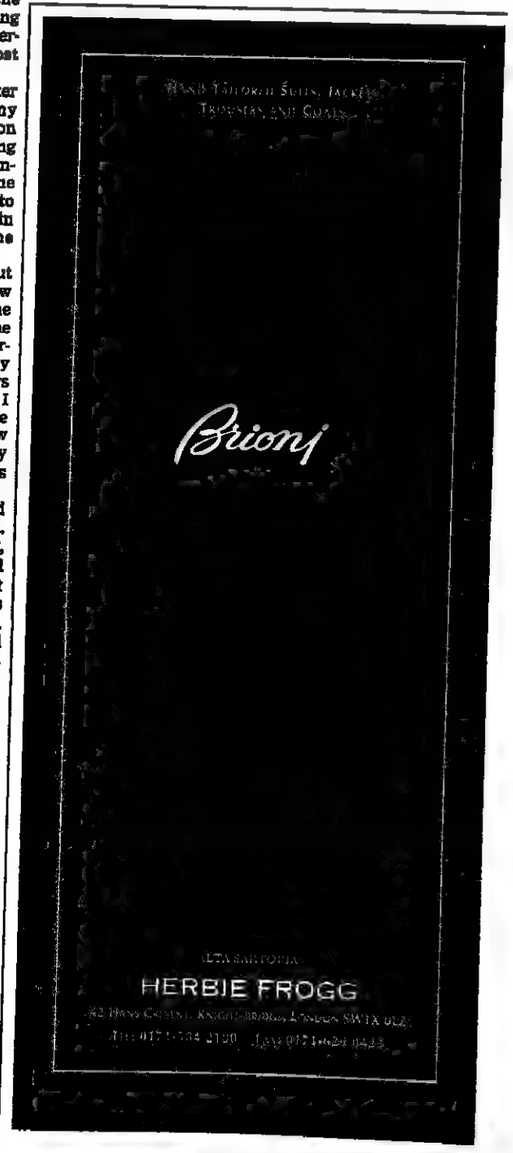
I have my grandfather's regimental cap-badge, and his medals too: the South Africa Medal, and "Pip, Squeak and Wilfred" – the Victory Medal, the General Service Medal and the fine Mons Star of the Old Contemptibles.

As I child, I lived in a garrison town, and each Remembrance Sunday my grandmother would pin these medals to her coat, and walk proud and sad behind the band to the parish church. The numbers in the history shock us still, but it is the contained and private griefs that bring them home.

The thought of their last parting haunts me still, the slow walk to the station, the waving hands and the long, lonely wait as the train passed out of view. Some lines of Wilfred Owen come to mind.

"Shall they return to beatings of great bells
In wild train-loads?
A few, a few, too few for drums and yells,
May creep back, silent, to still village wells
Up half-known roads."

■ *William Packer's visit was arranged by Tourism Flanders-Brussels in London (0891-887799), and the Ypres Tourist Office, which can arrange tours and guides (00 32 57 20 07 24).*



Contents and columnists

PERSPECTIVES

Minding Your Own Business

The Welsh miner who came up for air

The Turkish coast is a mecca for scuba-divers. Tom Linton reports on a growing enterprise

Alf (left) and Steve Chappell with Bala Birsin: from two customers on the first day to 25,000 last season

They say that behind every successful man there is a woman. Steve and Alf Chappell, two Welshmen running the biggest privately owned scuba-diving business in Turkey, could not agree more. But, in their case, one woman helped both of them. They believe that without the dedication of Bala Birsin, the Turkish partner in their European Diving Centre, the venture would never have got off the ground.

Eight years ago, while the two Britons were resting in Fethiye after backpacking in India, fate took a hand. Birsin came round a corner on her bicycle and knocked Alf Chappell off his feet.

Alf, 43, who is Steve's uncle, admits it was love at first sight.

The three decided to set up the business after the men had spent a few months working for separate diving companies in Fethiye. "We thought we could make a better job of it than they could," Steve, 32, says. Nowadays, there are about 120 such operators on Turkey's Aegean and Mediterranean coasts.

Alf, a former miner, and Steve, a former Welsh Guardsman, had savings of about £20,000 between them, which they used to set up the company in September 1990. But they had to cope with a bureaucratic nightmare before they could start trading eight months later on May 7 1991.

According to regulations governing foreign businesses, their capital was inadequate to form the company. They got round this by putting the business in Birsin's name and working for her. At the time, Birsin, now 37, had her own patisserie but, as the diving venture grew, she sold the shop. Both men admit that without her determination and ability to deal with bureaucracy the business would have failed. Today, she runs the administrative side of the company, which employs about 75 people.

While they were waiting to complete the onerous bureaucratic formalities, the two men spent six weeks at a diving college in Florida acquiring internationally recognised instructors' qualifications. Steve was already an advanced diver. "We believed in doing things properly. We became affiliated to the British Sub Aqua Club and all our instructors, most of whom are British, are licensed by the Professional Association of Diving Instructors," Steve says.

To start, they hired a 12-metre, single-deck diving boat, which cost them £6,000 for the season. The rest of their £20,000 was swallowed up in legal fees, work permits, rent for a shop and office in Fethiye, plus diving equipment.

"We started with 13 air cylinders and 10 complete sets of diving equipment," Steve says. "We were stretched to the limit. On our first day, we had two customers. We finished it with only £60 in cash to our names.

"We were employing a captain, a boat boy and a Turkish guide diver. Every boat here is required to have a Turkish guide diver accompanying it to ensure that no one removes underwater antiquities. At the end of the first month we had just enough money to pay the crew. We didn't take any wages ourselves. From then on, any spare cash was put back into the business. It still is, though we hope to pay ourselves a reasonable salary soon."

Although much time was taken up by the authorities investigating complaints – which proved to be spurious – from competitors, trade picked up sufficiently for them to hire a second boat in 1992. "Life was pretty difficult then and many people would have given up," Alf says. "Even so, we got on well with the townspeople. Today, we employ many of them at better rates than they can get around here."

At the end of the 1992 season they bought their original hire boat for £15,000 and built a second deck on it. They now run 12 boats, seven of them hired. These include two 30-berth gulets, which offer weekly holidays, and two rigid inflatable boats, known as RIBs.

The company opened a second centre in 1996 at Içmeler, farther along the coast, and a third is planned, probably next year. It also has six equipment shops.

> 'The first month we had just enough money to pay the crew'

"Last year, our turnover passed £1m, making us the second biggest taxpayer in Fethiye," says Alf. "During our first season we had about 2,000 customers. Last year, we had nearly 25,000."

Large amounts of capital are tied up in equipment. The business has nearly 500 air cylinders costing about £120 each and seven compressors valued collectively at about £90,000. It has to have enough diving equipment to kit out nearly 300 beginners a day in the peak season. Much of it can depreciate quickly.

Since it has such a voracious demand for capital, the centre leases its retail and office premises and hires the seven boats it does not own by the season, plus six mini-buses for ferrying customers around. It also owns several pick-up trucks.

"We had one bad investment in property, a building on the seafront in Fethiye which we purchased for £12,000," Steve says. "Eight months later the council decided it wanted to build a park on the land. We lost a three-year legal fight and got about £800 in compensation. Now we rent on a three to five-year basis.

"We get most of our customers by giving demonstrations at hotel pools. It gives would-be divers a chance to try scuba diving in a non-threatening environment. About 30 to 35 per cent book up for courses. Non-divers can accompany their families on the beginners' boats for £10 with a hot midday meal included. Business from the tour operators provides about 30 per cent of turnover. This year, nine British tour operators promoted us in their brochures.

"We try to ensure that our customers enjoy themselves. But safety is paramount," Steve emphasises. "Beginners go out in groups of five accompanied by three instructors who observe them very closely. Anyone who is unhappy is brought to the surface quickly and receives one-to-one attention."

Fifty-two per cent of turnover is taken in July and August. "We would like to extend the season, which lasts for about seven months in Içmeler and about eight in Fethiye," Alf says.

"We have all this equipment gathering dust during the winter and we would like to keep on valued people throughout the year. Over the past year I have lost three excellent people because I cannot give them 12 months' work. If we opened another centre further east of here, where the water is warmer, we could guarantee them 10 months' work.

"We are also looking into the possibility of offering personal development courses for middle management. They could do a week here with options of diving, paragliding, rafting, canoeing, riding, canyoning and trekking. We reckon the set-up here is ideal."

■ *European Diving Centre, PK36, 48301 Atatürk Cad. No. 12/1, Fethiye-Mugla, Turkey; tel +90 252 614 9771, fax +90 252 614 9772, e-mail europeandiving@superonline.com.*

The Nature of Things

No monkeying about with numbers

Andrew Derrington finds animals' numerical abilities are better than those of babies

Rosencrantz and Macduff, who are at Columbia University in New York, know how many beans make five. In fact, they can do a lot better than that. They have passed a series of practical tests that show they can distinguish the more numerous of two groups of objects containing up to nine objects of any type.

There are not many universities where such meagre numerical abilities would be considered remarkable. Even so, the test results made headlines around the world when they were published by Elizabeth Brannon and Herbert Terrace of Columbia's psychology department. The reason is that Rosencrantz and Macduff are not students: they are rhesus monkeys. The tests show that monkeys have an innate sense of number which has several features in common with our own.

Psychologists have been interested in – and sceptical about – the mathematical abilities of animals for decades. The celebrated case of "Clever Hans", a horse in turn-of-the-century Germany that appeared to be able to solve complex arithmetic problems, tapping out the answers with his hoof, has made them wary.

Hans turned out to be responding to signals given – probably unconsciously – by his trainer. When the trainer was fooled by someone giving him a different problem from that given to Hans, the horse always answered the trainer's problem, indicating he was probably able to sense his trainer's excitement as the number of hoof taps approached what the trainer thought was the correct answer.

The tests on Rosencrantz and Macduff were carried out in ways that make such cheating extremely unlikely. Psychologists such as Norman Freeman of Bristol University are impressed with the results. The testing was done by a computer, which eliminates possible influences of the expectations of the experimenters, and the ingenious design of the tests allowed the monkeys to demonstrate a genuine numerical ability.

They were trained to touch different parts of a screen, showing groups of one, two, three or four objects, in numerical order. They were then tested using groups of up to nine objects. Even when presented with groups containing numbers they had not been trained on and objects they had never seen before, they scored well on the task of touching the groups in ascending order of numerosity. "We have known for some time that animals can respond differently to different numerosities, but this shows that they know that one number is bigger than another," Freeman says.

The monkeys' errors show a pattern also found in numerosity judgments made by humans. Errors are more common when comparing numbers that are close together. This suggests that numerosities are represented on a sort of mental sliding scale, an idea known as the "accumulator model". Registering a number on the scale is slightly imprecise, so errors in comparing two numbers are likely if they are close together, but not if they are far apart.

Curiously, a similar pattern of errors occurs even when adult humans are asked which of two written-down numbers is the larger, suggesting that whenever we think about the size of numbers we tend to use our internal accumulator, even though we can put a symbol and a name to the exact number.

Rosencrantz and Macduff cannot speak, so naming numbers is not an option for them. Even so their abilities are superior to any shown so far in human infants. One of the most fundamental abilities shown by infants is that they expect numbers to stay the same. Even six-month-old babies will show surprise if two puppets walk behind a screen and only one is revealed when the screen is removed. Similarly, they will be surprised if there is an extra puppet behind it.

However, although they can tell that two numbers are different, there is no evidence that infants can understand which of two numbers is larger. The fact that the monkeys can do this explodes the myth that language, particularly the ability to name numbers, is a prerequisite for learning anything about what numbers mean.

Once they have learned to speak, children quickly go further than the monkeys and learn to use numbers in ways that cannot be explained by the accumulator model. The mathematical principle known as cardinal extension or abstraction – knowing that if you have seven policemen each carrying a truncheon and a pair of handcuffs then you must also have seven truncheons and seven pairs of handcuffs – is within the reach of 50 per cent of three-year-olds.

When Catherine Sophion, of Hawaii University, told children a story about a group of frogs going to a party, each in his own boat, half the children were subsequently able to use the number of boats moored outside the party to calculate the number of frogs inside.

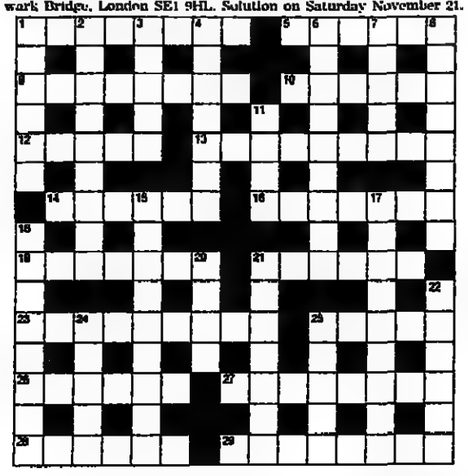
Monkeys have not passed a test of the abstraction principle, but they have not failed one either. And if a test that did not depend on language could be devised, I would be reluctant to bet against their passing it.

■ *The author is professor of psychology at the University of Nottingham.*

CROSSWORD

No. 9,833 Set by CINCINNUS

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecru Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday November 18, marked Crossword 9,833 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday November 21.



Name.....

Address.....

WINNERS 9,821: W.S. Bainbridge, Ashurst Wood, W. Sussex; E.S. Baker, Yate, Bristol; J.M. Constance, Downend, Bristol.

Crossword sponsored by

Abels International Moving Services

Crane's SINCE 1801

ACROSS

1 Rose, the beautiful woman in scarlet (8)
5 Confounded issue (3,3)
9 Look for Schubert composition (8)
10 Turned back grasping constant sword (6)
12 Small and inadequate trail (5)
13 Southend's claim to be a spa (9)
14 Acquiescence while entrusted with a mission (6)
16 Birds with no stuffing for some Italians (7)
19 A little devil behaves and has an effect (7)
21 Demure fashions – start of trend (6)
23 Is it a chop that's nutty or a nut that's chopped? (9)
25 Odd editor about to object (5)
26 Set alight to explosive, having removed gel (6)
27 Steal from Cockney giving short measure (4-4)
28 Queen entertained by best drinkers (6)
29 Did some shopping, yet bread is needed badly (8)

DOWN

1 Sturdy iron core gets broken (6)
2 Athenian weaver gets to drink an informal toast (7,2)
3 A composer of operettas plunging headfirst into a Shakespeare play (5)
4 To hear's possible in this (7)
6 Bare, stripped and or nude (9)
7 Franco-German agreement for board (5)
8 Russian writer opening up about press (8)
11 On men women's wear is an obstacle to progress (4)
15 Measure singer or magician (9)
17 Unearned income no eyes may discover? (4,5)
18 I'm about to run? That must be an error (8)
20 An area of London not quite as popular currently (4)
21 Somewhere to drop anchor, say – a space taken up (7)
22 Flower concealed by monster (6)
24 Dawn of the NUS? (5)
25 Ruin suit (2,3)

Solution 9,832

T	R	A	V	E	L		P	A	R	O	D	I
I	N	L			C	O	M	A				
M	A	G	N	U	M		M	E	D	I	E	V
P	S	O	T	R	O	I	E					
A	N	T	L	E	R	E	D		B	U	T	T
M	R	D	S	A	F	E	L	Y				
U	F	O	S		S	T	A	R	T	L	E	
M		O	A	R	Y		C		M			
		A	B	S	T	A	I	N		B	A	R	E
S	A	J	E	V	S	R	S					
C	A	D	R	E	S		C	A	P	T	U	R	E	S
D	V	C	F	L	R	I	I					
E	V	E	N	T	U	A	L		C	I	N	E	M	A
E	K	O	R				P	R	H			
D	E	B	A	R	R	E	D		C	E	N	S	U	S

Solution 9,821

G	O	O	D	D	E	A	L		T	H	E	S	E	S
O		V		E		U		E		A		I		
W	H	E	L	P		R	A	N	S	A	C	K	E	D
E		R		A		P		R		E		E		
S	U	P	E	R	C	O	O	L		T	H	R	O	W
T		R		T		U		S				A		
	R	O	S	U	S	T		G	H	A	S	T	L	Y
Y		U		R						R		H		S
O	L	D	H	E	A	D		J	E	E	V	E	S	
U			L		O		T		I			T		
N	E	G	R	O		C	O	H	E	R	E	N	C	E
C		A		U		T		M		U		W		A
M	O	M	E	N	T	O	U	S		M	E	A	N	S
A		U		G		H		O		P		R		E
N	E	T	H	E	R		A	N	T	S	N	E	S	T

BRIDGE

When Negative Doubles were first introduced, rubber playing sceptics feared that the loss of the penalty double would be catastrophic. However, they almost never prevent a successful penalty and, as here, can spring a trap to great effect.

N
♠ 9
♥ A K Q 8 5
♦ A J 4
♣ J 9 5 2

W
♠ Q 7 6 5 3
♥ J 10 9 4
♦ Q 8 6
♣ 4

E
♠ K 10 2
♥ 7 6
♦ K 10
♣ K Q 10 7 6 3

S
♠ A J 8 4
♥ 3 2
♦ 9 7 5 3 2
♣ A 8

Dealer: N Game All

North	East	South	West
1H	2C	Dbl	NB
NB	NB		

South's double is Negative, ostensibly promising four spades. Quite what South would bid without using a Negative Double is difficult to predict: the choice seems to lie between an inelegant 2D response and a pusillanimous pass.

Naturally, South did not double expecting his partner to pass, but North understood a crucial rule in competitive bidding: the moment the hand appears to be misfitting, you want to defend. He took the view that, even if his side held an eight-card fit in hearts, his singleton spade strongly suggested that defence would prove more lucrative – and so it was.

South led 3♥ to North's Q♥, whose singleton spade came back to South's A♠. South led a second spade which North ruffed. K♥ was cashed, and Q♥ led, East ruffing with Q♣, and South overruffing with A♣. A third spade was led and ruffed by North, who cashed A♦, and led a fourth heart. This had the effect of uppercutting one of North's two remaining trumps. If East ruffed high, he would promote North's ♣J9 into another trick; if he ruffed low, South would overruff with 8♣. East ended up three down for a penalty of 800, on a hand where North-South could not make game.

Paul Mendelson

■ *Paul Mendelson's book, The Bidding Battle, is published by Colt Books at £3.95. For a copy (free UK p&p), send cheques payable to FT Bookshop, 250 Western Avenue, London W3 6EE, or call 0181-324 5511.*

CHESS

Though England women finished only 20th at the Elista Olympiad, their future prospects of a high placing look bright. In the previous Olympiad at Erevan 1996, England beat China and drew with Georgia, the top two in women's chess; fast improving young players promise better to come.

Much credit is due to Duncan Lawrie, the private bankers whose support ensures England's teams have more generous backing than other western nations; and to the captain Chris Ward, a strong grandmaster who inspires the best from his players.

Harriet Hunt, a 20-year-old Cambridge student, was again the top performer with 9/12 and an individual bronze medal. Hunt has totalled 67 per cent for England since 1996, a result surpassed only by Matthew Sadler among the men.

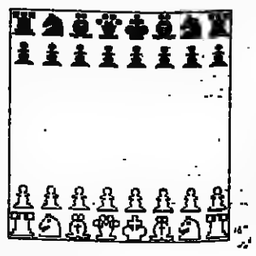
The women's game is dominated by the eastern bloc and China, but Hunt ranks second to Sweden's Pia Cramling among western-born players and can become a serious world championship contender.

A 4NCL miniature (A Mortazavi v J Levitt): 1 d4 Nf6 2 Bg5 g6 3 Nc3 d5 4 Qd2 Bg7 5 Bh6 0-0 6 h4 c5 7 Bxg7 Kxg7 8 dxc5 d4 9 0-0-0 Ne6 10 Nb5 Qd5 11 Kb1 Ne4 12 Qe1 Be6 13 Resigns. White's early sally runs into trouble, if 13 b3 Qxc5 14 e3 dxe3 15 fxe3 a6 16 Bd3 axb5 17 Bxe4 Nb4 wins quickly.

No 1256

If you enjoy games that don't last long, try Presto Chess, whose basic rule is that the first player to give check (not necessarily checkmate) wins.

If White makes his best first move at Presto Chess, he can win by force. How should White open (fairly easy) and how many moves can Black then resist with best play on both sides (harder)?



■ In last week's puzzle, the WK was misprinted as a queen.

Solution, Back Page

Leonard Barden

هكذا من الاصل

PERSPECTIVES

Reminiscences with the FT

Oldest club member keeps a sharp eye on the fairway

Harry Oppenheimer, grandee of Anglo American, talks to **Philip Gawith** and **Michael Holman**

Harry Oppenheimer: 'I like vaguely to know what's going on, and my colleagues are very kind to tell me, more or less' Jason Orton

He has the demeanour of the Oldest Member of P.G. Wodehouse's legendary golf club, diffident and self-deprecatory, but clearly delighted to have been consulted about the pin placings for a particularly successful tournament.

In fact, the courteous, bright-eyed gentleman behind the desk of his London office, head quizzically cocked, is one of the world's wealthiest men, and he is talking about what is perhaps the most momentous event in the 81-year history of the $10bn family firm.

"I'm pleased about it . . . but I really played no part at all, except that I like vaguely to know what's going on, and my colleagues are very kind to tell me, more or less," says Harry Oppenheimer, who turned 90 last week.

A few days earlier, Anglo American, the company which towers over the South African economy, had announced plans to merge with its offshore associate Minorco and to relocate from Johannesburg to the City of London, and be listed as one of the top 100 stocks.

"We think, rightly or wrongly, that with the company being based in London, people will be more inclined to invest in South Africa."

It has been 16 years since the man they call HFO handed over the reins at Anglo. Today he likes to give the impression of an elderly uncle allowed to potter around the business provided he does not get in the way.

"I go to the office, not for very long, meet my colleagues in the passage, and they are very nice to me."

But Oppenheimer is no doddery old buffer.

Every now and then the self-effacing manner drops, revealing a man used to being listened to, and who still presides, ultimately, over a vast family business empire.

Through Anglo and its associates, De Beers and Minorco, it controls the world diamond industry, is the largest gold and platinum producer, and much else besides.

The day-to-day running of the business is firmly in the hands of the current chairman, Julian Ogilvie Thompson. But although he retired formally from Anglo in 1982, and from De Beers in 1984, no one doubts that HFO remains a valued source of advice and wisdom.

> Mobutu 'was agreeable enough, but he was a thug, wasn't he?'

After all, he draws on a career that spans the growth of two great and enduring mining companies, Anglo and De Beers, 10 years in parliament, the rise and fall of apartheid, and has first-hand knowledge of African leaders, past and present.

He expresses no doubts about Anglo's London move. If the company wanted to be a global business, it needed the investment rating and profile which a London listing would offer, he says.

"I'm immensely impressed by the attitude the South African government has taken. They not only gave us permission, they've gone out of their way to say it is a very good thing for South Africa.

"Certainly if we have a better position by what we've done, I think we owe it to them to use it the best we can, to benefit South Africa more rapidly than we would have been able to do otherwise."

He then adds, with all the authority of the company's largest investor and its guiding spirit: "We are certainly going to think that way."

The sentiments, of course, are not what you hear from your average FTSE 100 company chairman, but then Anglo is no ordinary company. Its sheer size has brought an inescapable political dimension to its activities.

Indeed, Oppenheimer justifies his own stint in politics – he was a member of parliament for the United party from 1948 to 1958 – as almost a necessary part of the business apprenticeship.

"I hope it [Anglo management] goes on being very concerned about the environment in which we operate. I've always rather pompously said the best way to make money for a group like ours is to make the money as a by-product of developing South Africa. I feel strongly about that. I hope it goes on."

A recent example of Anglo trying to "do the right thing" was its attempt to put JCI, the mining house, into the hands of black South Africans. A combination of bad luck (the slump in the gold price) and bad management saw this exercise fall well short of expectations.

JCI still has significant black shareholders, but it is a pale shadow of the company it was.

Oppenheimer is unfazed about this and other black empowerment setbacks: "It was vital to make it possible for black people to control some of the big companies in South Africa.

"It was the right thing to do – part of a necessary response to the efforts for peace made by Mandela and his colleagues. You felt business had to match their efforts. We had to play our part too in making it a peaceful united country."

One subject on which he is emphatic is the crucial cross-holdings between Anglo and De Beers. Together with the family's own stake, this confers control over both companies.

It is an arrangement the City will not like, but Oppenheimer says he cannot imagine them as separate vehicles – though he adds the caveat: "You can't tell what's going to happen in the future."

He explains the relationship: "When I was chairman of De Beers [1957-84], in order to run the diamond business in the way we wanted, it was vital to have big interests outside of diamonds in bad times. You couldn't run [it] unless you had substantial interests outside diamonds.

"You could have said De Beers must have a great department to invest money itself but it really wasn't sensible to do that. We were closely associated with Anglo, my father was chairman of both companies, and it seemed only sensible that Anglo American would look after their interests outside of diamonds."

The conversation turns to African leaders he has met.

Mobutu Sese Seko, late president of Zaire (now Congo), "was agreeable enough, but he was a thug, wasn't he? I remember lunching with him in his palace in Kinshasa. Behind you was a huge cage, extremely smelly, filled with leopards."

Robert Mugabe, Zimbabwe's leader, is "very clever and very articulate . . . I think still a communist". Tanzania's former president, Julius Nyerere, however, is "a very attractive fellow. He was in the habit of reading Shakespeare."

Malawi's Hastings Banda, who defied fellow African leaders by paying a state visit to South Africa in 1971, "had a genius for public relations.

"I remember him coming to Johannesburg, and his car stopped at a traffic block. In a second he was outside the car with a white child under one arm and a black one under the other. That was when Vorster was prime minister."

And what of President Nelson Mandela?

"We owe an immense amount to him. If it hadn't been for Mandela, we would not have had the peaceful transition," adding: "Of course, when it comes to the practical day-to-day running of the country, I don't think that 27 years in prison is a very good introduction to that."

Has South Africa's transition gone as well as he had hoped?

"Much better."

He goes on to tell the story of a trip to Russia, where he asked his young guide whether she thought things were better than they were.

" 'No,' she said, 'they are very much worse.' So I asked if she wanted to go back to the old days.

" 'Not at all,' she replied. 'In the past, they could only get worse. Now they can only get better.' "

The Oldest Member chuckles at the recollection.

"I thought that this was a very clever saying from one so young. I certainly apply it to my own country."

Joe Rogaly

No blame, no shame, no calling by a nasty name

Liberation has benefited society on both sides of the Atlantic

Britain and America are front-runners in the lip-licking, finger-pointing, tongue-wagging stakes. Our print and electronic media probe without mercy into the private lives of public figures, as the well-known cases of you-know-who and yes-him-too remind us.

Some authors seek scandal among the dead. We have all read material that might destroy reputations. Recently scarred ghosts include those of Gladstone, Lewis Carroll, Arthur Koestler, Diana, Princess of Wales.

Happily, prurience ain't what it used to be. It is losing its capacity to wound or destroy. Slowly, painfully, Anglo-American society is freeing itself of shame. We are less likely to blush than at any time since Eve bit the apple.

Our fig-leaves may flutter in the wind. We stand motionless, exposed but not seriously discomfited. We accept our animal instincts, allow for human variations, see our social universe as a moral void. Liberating, eh?

Of course it is. Barely a generation ago sexual relations between males was illegal. More to the point, such practices were socially unacceptable.

Gay men felt obliged to maintain the fiction that their nature was "normal" – that is, that women alone could arouse their passions. In most rich western countries, this pretence is no longer necessary, although there is heated argument about the age of consent.

The practice of "outing" – pointing at particular individuals and calling them gay – has always seemed to me to be unkind. Today it is merely impertinent. Where there is no embarrassment, either felt or perceived, there can be no cruelty.

I say this in spite of the contrary evidence in the case of Ron Davies, who resigned from the British government after an incident in a gay pick-up corner of a London park. Mr Davies clearly felt deep shame, too much to allow of detailed explanations. His pain must have been nearly unbearable; his continuing torture by media is indefensible.

Such individual examples do not outweigh my general thesis. One member of the same government "outed" himself long ago, another appears relaxed about being named. We will be truly civilised when nobody asks, nobody cares.

The absence of shame is also transforming women's lives. Some of us can remember when divorce was regarded as a transgression, an admission of failure. Unmarried girls who became pregnant felt scared, humiliated. Their offspring, denoted bastards, were ill-starred for life.

All that is changing, although not entirely for the better. Britain is a world leader in divorce and the rate of pregnancy among single teenagers. It is no longer customary for unmarried couples to register as "Mr and Mrs Smith" when booking hotel rooms. This is a welcome improvement. Women may pursue their romantic inclinations as they please, openly, and without fear of being called unpleasant names.

We are all aware of these huge changes in society. They are the product of many factors, the most potent being the decline of religious observance and the arrival of the contraceptive pill. Yet, curiously, the media and some politicians in Britain and the US behave as if nothing has happened.

I made the same mistake when I suggested, in the week of the Starr report, that Bill Clinton would be laughed out of the White House. In this week's elections, American voters ignored the president's minutely described acts of adultery and voted in greater than expected numbers for his party.

In the same week, Britain's Labour government declared itself in favour of the traditional husband-wife-kids family while yet respectful of single parents. Naturally, it cast no aspersions on same-gender liaisons. It was a typical Labour document. For every potential voter, a paragraph; for every possible straggler, a clause.

This muddled consultative paper on family policy is clear in one important respect. It declines to use the language of judgment. No blame, no shame, no calling by a nasty name. We should be grateful.

The modern democratic state has no role as an arbiter of sexual morality. This is acknowledged in most parts of the British polity and large parts of US society. The moral majority is becoming a sanctimonious minority.

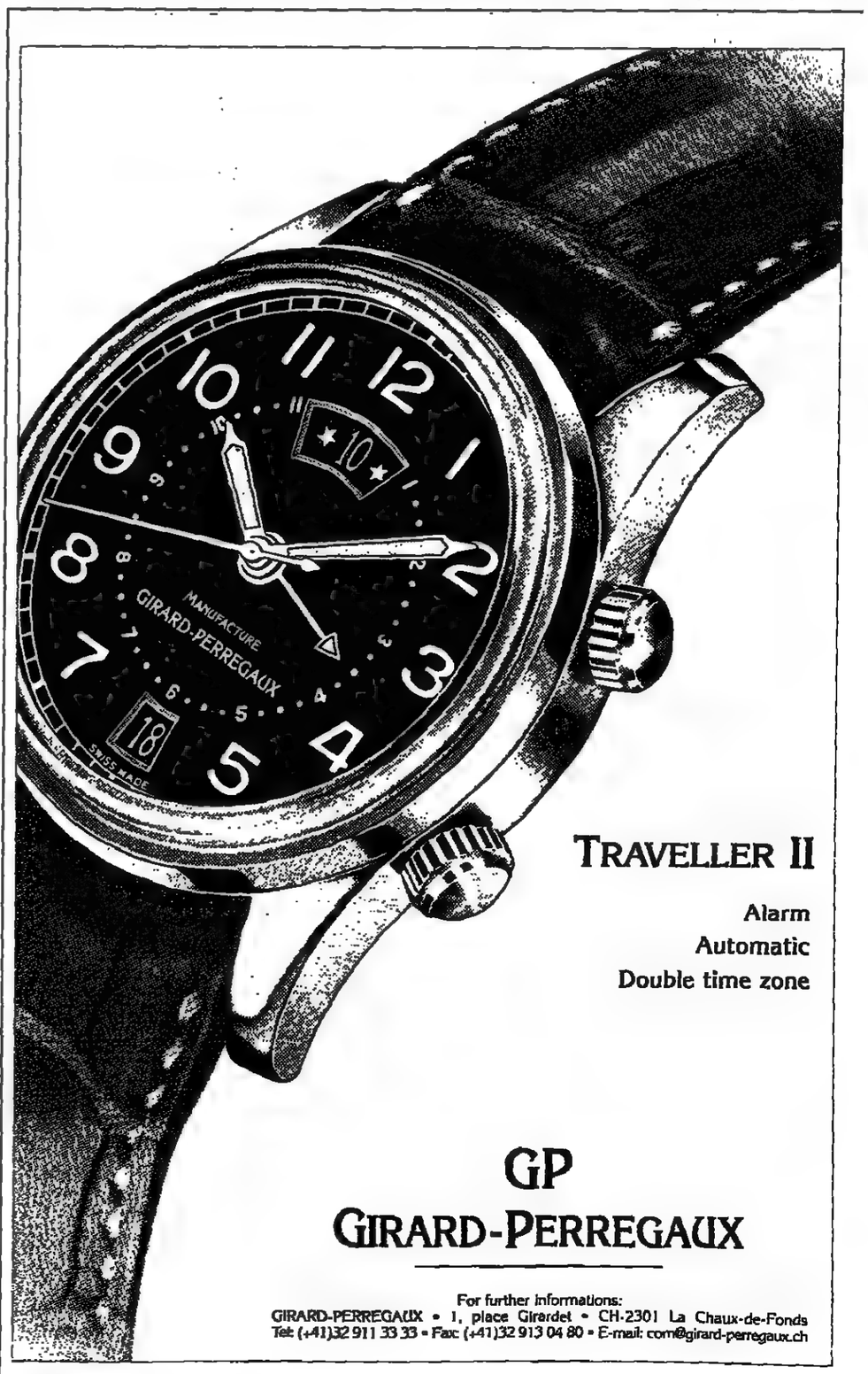
Everywhere people are unshackling themselves, seeking the freedom to gambol and frolic as they please, without fear of loss of reputation. Shame can be handcuffs and leg-irons to an otherwise free spirit. It will not be missed.

Or will it? The behaviour that shame formerly constrained is not cost-free. We know the wages of what we once called sin. Aids kills. Adultery hurts. Broken partnerships leave children bewildered. Shame, and its fellow-traveller, guilt, may have been harsh masters but they at least set boundaries on otherwise reckless individual behaviour.

This last sentiment is not one I share. Shame and guilt do have a place within the human soul, but we should be careful to define what that is.

Perhaps we should blush to be found unkind. If that was the rule the cheeks of many media folk would be permanently red. Some of us would cringe with embarrassment if we were caught in a seriously dishonest or deceitful act. If so, many politicians would be ever trying to hide their flushed faces.

You might add that directors who pay themselves many times their worth should be pelted with marshmallows, but forget it. There is no shaming the shameless.



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PERSPECTIVES

Everything's going their way

Colombia's guerrilla army, larger than ever, has promised to talk. **Adam Thomson** reports

There is no police force or army in Puerto Betania. But Jorge Bastillas, president of the village community action group, knows where to turn if there is a problem.

In the absence of virtually any state authority, the Revolutionary Armed Forces of Colombia (Farc), Latin America's oldest Marxist guerrilla group, has become the local surrogate police force, judicial system and government, all in one.

Every day, Farc patrols pass through the malarial settlement on the banks of the Caguan River, in southern Colombia. The heavily armed rebels – mostly teenagers – stand on street corners and share jokes with local shop owners. About a third are girls, dressed in jungle-combat uniforms teamed with the latest Israeli-made assault rifles. Many of them appear more concerned with the colour of their nail varnish than with the class struggle.

"They are the only authority we have around here," said Bastillas, eyeing a group of adolescents, strapped with grenades.

Farc plays an important role in the area. It resolves local disputes, organises infrastructure projects through forced community labour, and protects the environment. Three months ago, the local Farc commander indefinitely suspended fishing along the Caguan River in an attempt to replenish depleted fish stocks.

It also imparts its own brand of justice. Six weeks ago, Farc members passed sentence on a villager accused of stealing cattle. On the first occasion, the group gave him a warning. The second time, he was executed.

Farc has dominated the southern departments of Colombia for years. And while Latin America's other left-wing guerrilla movements have all but disappeared, Farc is now stronger than at any time in its 34-year history. Today, the rebels have 60 active fronts compared with 20 years ago. Its 15,000-strong army controls two-fifths of Colombia, a country twice the size of France.

But now the rebels say they are prepared to discuss peace with Colombia's newly elected Conservative government. This morning, the last of the country's troops and police officers in five southern municipalities are due to abandon their positions as part of President Andrés Pastrana's concession to guerrillas. He hopes demilitarising an area larger than Switzerland will encourage the peace talks.

It is a big gamble. The state troops are scheduled to be withdrawn for three months but few doubt their absence could last for months, even years. Pastrana insists it is necessary if ways of ending a conflict which has cost thousands of lives and at least two percentage points of GDP growth a year are to be explored.

"The army is not capable of defeating the guerrillas and the guerrillas are not capable of defeating the army," the president said recently. "We must look for different mechanisms to bring about peace."

For many of the 100,000 residents, the demilitarisation will make little difference. In Santa Rosa, 20 minutes from Puerto Betania by speed boat, locals – such as those in most of rural southern Colombia – have learned to live with guerrillas.

Uniformed Farc members often hitch a ride up-river on the daily speedboat service. They hand their rifles to the seated passengers while they climb aboard. Then they chat with them, shouting to make themselves heard over salsa music blasting out from the boat's speakers.

In the municipalities' capitals, the guerrillas have never had any formal presence, however, and the prospect of demilitarisation is worrying residents.

"There are many doubts about the demilitarisation and so far there have been few answers," says Luis Antonio Serrano, governor of Caquetá province, where one of the municipalities is located. "What happens, for example, if there is a dispute between two civilians? Who resolves it?"

> On the first occasion, the group gave a cattle thief a warning. The second time, he was executed

There is also the fear that the country's right-wing paramilitary groups, in response to the guerrilla armies, may try to penetrate the demilitarised areas and sabotage the peace process.

For Pastrana, however, the five municipalities will become "peace laboratories", where preliminary talks between the government and Farc leaders will aim to set out an agenda.

Farc says it wants more social investment in rural areas, political reform, a redefinition of the country's natural resources policy – particularly with regard to oil exploration and the role of foreign multinationals in Colombia – and a scaling down of the country's armed forces.

But many observers and civilians are not optimistic. Alfredo Rangel, a political scientist at Fundación Social, the Bogota-based, non-governmental organisation, believes the peace process is laced with hidden agendas: "Farc has set out a minimal series of points but as the talks progress, they are likely to demand ever bolder concessions from government." Nor has Farc made any reference to ceasing hostilities during the talks, or to laying down weapons in the event of peace.

In fact, Farc is growing in military strength. Last weekend, approximately 700 Farc troops stormed the town of Mitú, near the Brazilian border, in the worst ever defeat of the national police. Using bombs mounted on the backs of mules, it killed 130 soldiers and policemen, and kidnapped a further 45, according to unofficial figures. The attack also left about 30 civilians dead.

The guerrillas have traditionally funded their war with the state through extortion and kidnapping. Wealthy families in the countryside pay the guerrillas a regular "vaccine", a fee to stay alive.

But during the past few years, Farc has become increasingly involved in the country's multi-billion-dollar-a-year drugs trade. Regional guerrilla commanders levy "taxes" on the middlemen who buy the cocaine base from peasant producers. They also offer to protect illicit crops and processing laboratories.

The mixture of its activities has turned Farc into a highly organised business organisation. Officially, Colombian authorities estimate total guerrilla income – including that of the much smaller group, National Liberation Army with 5,000 armed members – at $2m a day. The US Drug Enforcement Agency says the figure could be as high as $1bn a year.

The new-found wealth has led to a change in the group's rank and file make-up. Where politicised peasants and leftist students once stood, there are now largely out-of-work farm hands and youths whose prime motivation is a stable income.

Yet at the top of Farc's highly vertical line of command there has been little change. Pedro Antonio Marín – originally a small-time businessman – has led the group since he founded it in 1964. Together with 14 of his cousins, he took up arms against the small elite of Liberal and Conservative politicians after they signed a power-sharing agreement in the 1950s.

The pact ended a period of inter-party bloodshed, which left more than 300,000 dead. But for Marín, 68, it also consolidated a concentration of power which forms the basis of Colombia's deep-rooted inequalities.

Today, everything is going Farc's way. The government is listening to its demands and has already made concessions. Farc has not yet had to make any. Demilitarisation of the five municipalities is virtually guaranteed to help consolidate the guerrillas' control of large areas in the south of the country. While that happens, its members can enjoy the political status the government recently granted.

And last month, several members of Congress invited Marín to outline Farc's position to parliament. "I will go, but only in military attire because I am the leader of an army," he replied.

Networking with a difference

An inventor needs cool nerves and a place to dream, says **Roger Taylor**

For an inventor, Brent Townshend is sadly lacking in eccentricity and displays a disappointingly level-headed grasp of finance – a fact illustrated by his success in cutting a multi-million dollar deal with 3Com, the leading computer networking company.

In jeans and a polo shirt, leaning back in his tatty office near Palo Alto, California, he looks much like any other Silicon Valley computer geek. But he does not work for Intel or Sun Microsystems or any other of the local technology giants.

Nor is he one of the hundreds of people trying to start up a new company. Instead, Townshend finds that the only time he can think is at home, so from 9pm to 1am every day he sits at his computer and invents things.

His aim, he says, is to be able to work for himself but without the administrative hassle. "The bit I enjoy is just the ideas. It's a headache organising sales and distribution," he explains.

Townshend was lucky in that his inventing career got off to a good start. His first project – a complex audio conversion product used in research labs – provided him with an income.

Being a successful inventor today is not easy when large corporations with multi-million pound budgets are using the latest high-tech equipment to explore the most exciting areas. Independent inventors have tended to be sidelined into what, at best, could be described as low-tech fringe markets – the intelligent wine-rack or the umbrella lit by a lightbulb underneath, for instance.

Some of Townshend's technology has a little of this feel about it; he developed a system for turning documents, such as high school diplomas, into unforgeable bar codes.

However, last month he hit the big time with a patent on the technology used in the 56K modem – a device that has become the new standard for connecting personal computers to the internet. With this patent, Townshend is claiming to have beaten the big corporations to the prize.

Last month, just as the latest 56K modems were filling high street shelves, Townshend and 3Com, which has licensed his technology, confirmed that they would charge $1.25 on every new modem made.

Other modem manufacturers are none too happy about this. Lucent Technologies, for example, whose Bell Laboratories division once employed Townshend, disputes the claim that all 56K modems are covered by his patents. It says its products are based on its own technology and insists it does not have to pay Townshend or 3Com a cent.

But Townshend remains confident of the strength of his claim, and is eloquent in explaining his ideas.

Until recently, he says, it could be proven mathematically that a telephone line connected to a modem could not carry data faster than 33.6 kilobits per second given the level of noise and interference. Townshend was not thinking about computer modems, but about how to send quality music on CDs to people's telephones, when he spotted two flaws in this argument. First, it assumed data had to go both ways. For his music idea, and for most internet users, almost all the data is going one way.

Second, the noise level on telephone lines is not the limiting factor it once appeared to be. When telephone companies switched from using analogue to digital equipment – the technology behind touch-tone phones – the level of noise on telephone lines was unchanged. However, whereas in the past the noise level had been random, with digital technology it became constant and predictable. When you now connect your computer to the internet, the string of pips and squeaks you hear is the computer testing the line, establishing the noise level and then discounting it, in order to send data at speeds previously thought unattainable.

A pleasing thing about the two steps that led Townshend to his invention is that they did not require great effort or experimentation. They simply required a fresh perspective.

Townshend believes this is one advantage of working on his own. Commercial researchers, he says, can be asked to focus on one area even after they have run out of enthusiasm. In contrast, he is free to pursue his interests in the most productive direction.

> The system can tell the difference between good and bad English

His existing project, a system for testing people's grasp of spoken English, reflects this lateral thinking. Computers' ability to understand speech is very limited; they cannot cope with the wide variety of styles of speech and pronunciation. Machines can understand different accents if they know in advance what you are going to say – but what's the point of building a machine that recognises speech if it already knows what you are going to say?

Townshend has come up with a possible use. Recruiters in the US and elsewhere are often keen to check that job applicants have adequate English language skills. This is a tricky area, in which companies can open themselves up to attacks of racial bias.

The system Townshend is developing can tell the difference between good and bad English speakers by asking them to repeat sentences – but which can also be proven to have no ethnic bias in its judgments.

He has other projects on the go as well, such as a way to block junk e-mail, but complains that too much of his time is still being taken up with the modem wrangles, even though he has handed over most of the task of fighting his corner to 3Com.

However, he does not seem overly concerned at the prospect of a drawn-out legal battle over just how much money he is entitled to. He says he has driven the same car for the past few years, he enjoys lecturing part-time at Stanford University, and has a wife and two children to go home to.

Each day he goes to his office and deals with admin. And each evening he is free to sit at his computer and dream up new machines.

Home Truths / **John Willman**

Dirty linen washed in public

There's an old music hall joke about the marital division of labour. "My wife makes all the minor decisions in our household," a male comedian would say, "such as where we live, what we eat and how we dress.

"That leaves me free to make the important decisions such as which party should run the country, what the right level of interest rates is and whether to keep the nuclear deterrent."

Music hall was popular in an era when most men were the breadwinners and women tended to stay at home as housewives. But it seems nothing much has changed, according to a recent survey by the UK Office for National Statistics. Wives and girlfriends spend four times as much time as their menfolk on housework, they wash and iron in 79 per cent of couples, and decide what to have for dinner in 59 per cent. The guys attend to small repairs around the house.

Women make up more than half the workforce and both husband and wife have paid jobs in most non-pensioner households. But it is still the women who are expected to swap their power-suits for pinnies and do the cooking, cleaning and ironing. Meanwhile, the man pores over second-hand car prices in *Exchange & Mart* while agonising over whether Nato should send ground troops into Kosovo.

A gripping new book by a French sociologist, *Dirty Linen: Couples and Their Laundry* (Middlesex University Press, £14.95), sets out to look at how this division of labour perpetuates itself in societies which claim to promote sexual equality. Jean-Claude Kaufmann, who teaches at the Sorbonne in Paris, finds it comes down to a simple truth: men are no good at housework, and women can't bear to see it done badly.

Most women could probably tell you that without wading through 212 pages of sociological jargon. But interspersed among the ethnomethodology and psychoanalysis are 20 wonderful case studies, which achingly spell out the way chaps enslave their chapesses.

Take Amélie and Daniel Marmandais, who own a bar and have two children. When they first married, Amélie worked in the business and Daniel tried his hand at domestic chores. He soon discovered Amélie took housework more seriously than he did and began to harp on about how boring it was. She gradually did more in the home: "Somebody's got to do it, otherwise everything just piles up," she says. Daniel now does nothing, justifying this by saying he takes sole charge of the business.

Salesman Didier Shimmer believes he should do half the domestic chores, but as Kaufmann puts it, inhabits a "totally different universe" from his wife Valérie when it comes to tidying. She would like him to help more, but he rarely manages to remember the few things she expects him to do.

Vincent Tatonier is away all week so leaves all the housework and childcare to Hélène who holds down a full-time secretarial job. She does the housework to fanatically high standards for the satisfaction of seeing a job well done – but also for him, even though he is oblivious to her efforts.

There's Bruno Labarthe who has had to be persuaded by Nadia not to leave old chicken bones under his bed. Eliane Vilot boosts the self-esteem of husband Yves by boasting of his two or three specialities – including the barbecue, which Kaufmann says "inevitably" cropped up during his research.

> He copes by slipping home to mother to get his laundry done

Romain Brastignac's ignorance of domesticity was such when he moved in with Sabine that he did not know the make or size of his underwear or where to buy it. And student Pascal Richer-Martin copes with Ninette's demands for equal sharing by slipping home to mother at the weekend to get his laundry done.

As Kaufmann puts it, the laundry talks for itself; the arrangements for the household washing are a good indicator of the state of a relationship. Two people can decide to live together without forming a couple, but the commitment becomes real when they buy a washing machine.

A few couples struggle against assimilation even then – washing their own kit in separate loads. Sooner or later the economies involved in one full load over two half-empty wash cycles become irresistible and the dirty linen is co-mingled.

What follows often represents prolonged trench war, with little chance of peace. The stalemate is broken only by irritable outbursts from the wife, who ends up doing most of the housework against her better judgment. The husband's normal response is injured defensiveness that his contribution is insufficiently recognised, with some justice, given that the men in the UK survey spent nearly an hour and a half longer at work bringing home the bacon.

Some women decide they prefer the traditional approach. Thérèse Pérez has convinced herself she loves doing housework – except when hubby Fernand immediately crumples the trousers she has just so lovingly ironed. One woman in the study is quoted as saying she became "inflamed with passion" by the touch of a dishcloth.

Such rationalisations are simply attempts to reconcile two contradictory pulls on housewives, according to Kaufmann. Western thinking is dominated by the idea of sexual equality yet men and women are still slaves to a division of labour with deep cultural and historical roots.

As a sociologist, Kaufmann is duty-bound to rely on social-concepts such as culture. But he shows willing in venturing on to less familiar ground with the racy observation that there is something "profoundly feminine" about housework which draws women to slip on an apron. Even when single, for example, the two genders have a very different attitude to laundry: 65 per cent of men do their own washing compared with 90 per cent of women; 44 per cent of men iron against 87 per cent of women.

Perhaps the insights of evolutionary psychology have something to contribute to this conundrum. In FT Weekend recently, Kingsley Browne argued that fewer women reach the top in business because evolution over the millennia has bred men to be thrusting risk-takers and women to be caring mothers who avoid risk and aggression.

Successful females in evolutionary terms will have been those best able in earlier epochs to perpetuate their genes by ensuring the survival of their children. They will surely have been the women best able to nurture a healthy child using all the homemaking skills that men pathetically – and ultimately unsuccessfully – now say they are striving to acquire.

هكذا من الاصل

هكذا من الاصل

BOOKS

Southern cocktail fails to ignite

Tom Wolfe's first novel since 'Bonfire of the Vanities' is entertaining, but **Adam Begley** has strong reservations

Read by the still-blazing light of *Bonfire of the Vanities*, the pages of most contemporary novels look pale and blotted by failure. Tom Wolfe's first novel, published in 1987, pegged perfectly the shallow greed and puffed-up ego of the 1980s in New York; it ranks as one of that decade's top 10 bestsellers, and like the city so expertly skewered, it has lost none of its crackling energy.

A MAN IN FULL
by Tom Wolfe
Jonathan Cape £20, 528 pages

Wolfe's grandly entertaining new novel, *A Man in Full*, is all about "Southern Manhood" – not, perhaps, a promising topic, though the particular specimen under study, Charlie Croker, an Atlanta real estate developer on the brink of bankruptcy, is nearly as interesting as the upstart metropolis whose skyline he has helped shape. The unofficial capital of the New South, Atlanta is a pushy newcomer among the great American cities, a fine place for self-made men. In the background, volatile urban demographics: a black majority, largely poor; a shattered inner-city ghetto. The thriving white business community has staked out lovely, leafy suburbs; "edge cities" have popped up like mushrooms.

It's the cocktail we expect from Wolfe: municipal politics, the politics of race and gender (what's manhood without womankind to admire it?), and money, yes, the almighty dollar. This time the heady concoction is poured out with just a trace of Southern languor. (Wolfe, now the consummate New Yorker, grew up in Richmond, Virginia.)

Charles E. Croker is 235 pounds of self-loving sexist bigot, a 60-year-old former Georgia Tech football star with a "mighty chest" and a curvaceous second wife less than half his age. Charlie knows better than to call the dozens of black employees on his 29,000 acre plantation "niggers" – but the word, taboo, unuttered, is often on the tip of his tongue. His ideal is "a manly world . . . in which there were masters and servants and everybody knew his place." He was clearly designed by the author to induce apoplexy in the politically correct.

Here's his problem: too many floors of Croker Concourse (Charlie is the first Atlanta developer to name a building after himself) stand empty, "haemorrhaging money." Interest payments and repayment of principal have lagged; PlannersBanc, owed $515m (including $160m Charlie is personally liable for), wants its pound of flesh. Wolfe invites us to assist at a "workout session," ostensibly a meeting to explore ways to restructure the loan, actually an exercise in humiliating the defaulter.

The "workout artiste" grinds away at the debtor until the crescents of sweat beneath his armpits grow into halfmoons, then expand and merge. "Saddlebags!" the bankers crow in triumph at the sight of Charlie's soaked shirt. This is business. This is male animals butting heads.

Wolfe dangles before Charlie's desperate eyes a far-fetched solution to his debt dilemma. Fareek "the Cannon" Fanon, a magnificently insolent black Georgia Tech football star, native son of Atlanta's grimmest ghetto, may or may not have raped the daughter of Charlie's friend and fellow mogul, Inman Armholster. No charges have been filed, but rumours abound: "The Cannon was now a stick of dynamite." Eager to protect Atlanta's precarious racial calm and maintain the status quo, Wesley Dobbs Jordan, the city's super-slick black mayor, along with his college fraternity brother, Roger White II (nicknamed Roger Too White), an impeccably dressed high-powered black lawyer, offer to shelter Charlie from his creditors – on the condition that Charlie, a white football star from a bygone era, speaks up in Fareek's defense.

Will Charlie sign the Faustian pact? Will he betray his kind to save his fortune? (Not to worry, several amusing subplots take up the slack.)

The goons and geeks from PlannersBanc, the loutish Fareek, the shifty mayor, foppish Roger Too White – these are Wolfe's counter-specimens, manhood differently configured. Black and white, rich and poor makes zero difference. All men, to judge by this sample, are at bottom vain, boastful, weak-willed brutes. As if to underscore these findings, Wolfe takes us to prison, where a former employee of Croker Global Foods (Charlie's string of warehouses) observes the inmates' bestial behaviour and learns to love the writings of the Stoic philosopher, Epictetus.

What's the point of dragging Epictetus all the way to Atlanta? Wolfe is groping towards a philosophy of his own, which goes something like this: life is brutally hard, fair and unfair are beside the point; ignore the prison house of the world, cultivate the soul, eschew compromise – but when the deal sours, hire a sharp lawyer. It's Stoicism with elements of Pragmatism tucked away in case of emergency.

There are wonderful moments in *A Man in Full*. In lieu of the obligatory sex scene, so often a poorly disguised manifestation of the author's wish-fulfillment fantasy, Wolfe offers inspired horseplay, a stud mounting a mare in heat: "Beneath her bound tail was an astonishingly large, soft, moist, dark liverish crevice of flesh . . ." There's also a delectably horrid dinner party at which Charlie, trying to woo a businessman who happens to be Jewish and liberal, makes every kind of faux pas. And here's a lovely sample of Wolfe's clear-sighted prose: Roger White ogles a dancing girl whose belly button "looked like an eager little eye." But nowhere in the new novel does Wolfe unleash the outrageous energy that powered *Bonfire of the Vanities*. The exuberant malice is missing, and the verbal dazzle, the breakneck pace. He wrote about the 1980s as though he were inventing the era on the spot with his manic sentences and bull's-eye aphorisms.

Sherman McCoy, protagonist of *Bonfire of the Vanities*, was vile and low and yet somehow not irredeemable, and every last detail fitted like the finest pigskin glove. Charlie Croker is vile and low and yet somehow not irredeemable – but the possibility of his redemption, even as engineered by Epictetus (magnificently implausible!), leaves me cold.

Perhaps it's because the parts of his Southern Manhood don't cohere. Wolfe tells us that Charlie earned a Purple Heart and the Bronze Star in "the early years of the war in Vietnam." I don't believe it. And my concern for his fate, never exactly acute, dwindles.

Take away Charlie and what's left? Atlanta's murky politics? Its nagging sense of cultural inferiority? The city's art lovers, who flock to the High Museum on Peachtree Street, hang on the every word of a New York Times critic named Hudson Braun – a nice touch, that. Okay, Atlantans worry that they're only yokels. Are we very surprised?

Haunted by the blues

Jon Turney reviews the life of a brilliant but self-destructive jazz pianist

Soft, floating piano chords. The simplest background on the bass. Sounds familiar. A plaintive three note phrase from a muted trumpet clinches it.

Blue in Green. The epitome of cool. Miles Davis, of course. Bill Evans, actually. Although the nominal leader confused matters by copyrighting the melody, the line came from a pianist who brought a new touch to jazz. It is, as Peter Pettinger says in his fine biography of the most influential piano improviser of the last 50 years, haunting and ageless.

The same could be said of much of the rest of Evans output, some 164 recordings before his death in 1980. And there is something haunting, too, about the life. An introspective, not to say introverted man, dedicated to a music in which extroverts loom large. A player whose art depended heavily on the qualities of sound he could coax from a piano, but who spent much of his time working inadequate instruments in noisy clubs. And, in the end, an impulse toward self-destruction which overcame his astonishing urge to create.

At a solo recording session in the early 1960s, Evans played three tunes: "Why was I born?", "What kind of fool am I?", and "Everything Happens to Me". And it would be easy to make his biography a standard jazz life – the tortured soul, the personal tragedies, the drugs, reaching the heights only to plumb the depths. The call from Miles was a white boy's dream, but Miles' drummer, Philly Joe Jones, turned Evans on to heroin. A great musical love affair with the young bassist Scott La Faro was cut short by La Faro's death in a car smash. A junkie girlfriend threw herself under a subway train. His beloved brother, beset by depression, shot himself. Evans, his spirit broken, went back on the road one more time, but substituted cocaine for food.

All true, but he was far from the stereotype jazz player, and this book is not the standard jazz life. In Pettinger, Evans finds a writer worthy of his music, a classical piano virtuoso and teacher who shows an extraordinary sympathy with the man who brought a classical sensibility to jazz piano. Evans said that a musician should be able to spend half an hour contemplating a single note. Pettinger can spend a whole page describing a single note of Evans, trying to answer the question, "how did he make it sing?"

His book, though, is not just for musicians. He deftly sketches the half Russian, half Welsh family; the polymathic college kid; the musician inspired by Thomas Hardy and William Blake as well as the classical masters and jazz heroes; the professional performer who confessed that he loved to play all alone. And although there are descriptions of innumerable recording dates and live performances, they are there to build up a picture of dedication.

Evans chosen means for the last 25 years of his life, when he played constantly all over the world, was the piano trio. Always it was a trio which subordinated technique to feeling; ideally, a trio in which the traditional ideas of lead and support were broken down – three people improvising as one. The first time he broke through to this level, in the company of La Faro and the great drummer Paul Motian, was captured on record at the Village Vanguard club in New York in 1961. The performances are still utterly compelling. After La Faro's death, part of the mission was to take a trio on the road which would reproduce that kind of interaction. He succeeded more often than listeners had any right to expect, though the thought of what might have been if the first trio had kept working still lingered.

BILL EVANS: HOW MY HEART SINGS
by Peter Pettinger
Yale University Press £19.95, 346 pages

Finally, after literally dozens of other bass and drums combinations, his final trio became a true match for the 1961 group. They, too went out to perform, although all three knew that the pianist was at death's door.

Other writers have said more about Evans the serial drug abuser. Pettinger tends to give the bare details. He comments when the drugs affected the music directly – as when the pianist spent a week playing a club engagement left-handed, his right hand numb from a needle injury, but is otherwise reticent. This makes the book's closing pages all the more poignant.

Evans knew he was making rare music, could not wait to get on stage with his two brilliant young companions. Yet he could not bring himself to do anything to arrest his obvious physical decline. Music had been everything to him, but in the end was not enough by itself to keep him alive. He died a little after his 50th birthday. His slow public suicide fits his own black joke about a record company boss who evaded bankruptcy by having a heart attack: "I figure he must have died in self-defense".

In the spirit of immortalisation

Kieran Cooke describes the macabre goings-on in the Lenin mausoleum

Every 18 months, Lenin has a bath. He is lowered into a mixture of alcohol, water, glycerine and potassium acetate for two weeks. When he emerges, his skin is as supple as the day he died three quarters of a century ago.

Amid the turmoil of present day Russia, some of the rituals of the old Soviet empire survive. When Lenin died in 1924, his body was embalmed. It is still in its mausoleum in Moscow's Red Square, once visited by millions of Soviet citizens, now more of a tourist curiosity.

Professor Ilya Zbarsky worked in the special embalmers' laboratory at the Lenin mausoleum for 18 years. His tale is a fascinating one, full of macabre detail, set against the terrifying backcloth of the Stalin years. Included in the book are several previously unseen photos – one of a wild eyed Lenin shortly before his death.

LENIN'S EMBALMERS
by Ilya Zbarsky and Samuel Hutchinson
Harvill £12.99, 207 pages

Lenin himself did not express any wish to be glorified in death. His widow spoke strongly against monuments in his name. Trotsky and other politburo members were opposed, but Stalin, taking on the mantle of Lenin, decided to initiate a personality cult: "The committee for the immortalisation of Lenin's memory" was formed.

At first Stalin's henchmen wanted to refrigerate the body. The cream of the USSR's biochemists, including Zbarsky's father, nervously disagreed. There were lengthy discussions about double glazing, condensation and the lighting to be installed in the sarcophagus. Stalin ordered that Lenin's brain be extracted: researchers were charged with demonstrating that the father of the revolution had been a genius.

Lenin's body was immersed in more or less the same cocktail of chemicals it is bathed in today. Decaying skin tissue was restored. "Stitches were inserted under the dead man's moustache to close the lips. False eyes replaced the real ones to prevent the sockets from becoming too sunken; then the eyelids were closed again and sewn in place."

It was a tense business. One slip up and the embalmers would be given, at the very least, one way tickets to Siberia. To relax, the scientists indulged in a drinking sessions with the help of 96 degree proof alcohol: the spirit was part of a consignment used for embalming Lenin's corpse.

Well-pickled: Lenin in 1997 · AP Photo/Sergei Karpukhin

Zbarsky, now 85, first entered the mausoleum in 1934. "The preservation process involved, first of all, removing Lenin's jacket and trousers, which were kept in place with laces tied behind the back. As I moved the arms I could tell from the touch of the skin, which was yellowish-white in colour, that it had retained its natural elasticity. I found the sensation disagreeable."

During the second world war, Lenin's by now well-pickled body was removed for safekeeping to western Siberia. Zbarsky and his father were in attendance. "We had no fixed hours, and spent most of our time making minor repairs to the corpse."

Later, Soviet expertise in embalming was exported round the world: Soviet scientists flew to the jungles of North Vietnam to embalm the body of Ho Chi Minh. Bulgarian and Mongolian dictators were given the same treatment. Problems arose when rebels cut the power supplying the air conditioning round the body of former president Neto of Angola. The body was saved by requisitioning a consignment of ice from a nearly ice cream factory.

Like hundreds of thousands of others, Zbarsky and his father eventually fell foul of Stalin and were removed from their work at the mausoleum. When the Soviet Union collapsed, staff and funding at Lenin's tomb were severely cut back.

Lenin's remains have become a political football. President Yeltsin says Lenin should be taken out of his sarcophagus and buried. Old communists are strongly opposed. One has threatened to shoot anyone who dares take Vladimir Illich away.

To augment its income, the mausoleum now specialises in providing embalming services for Russia's nouveaux riches, many of them gangsters. Mafiosi are laid out on the same grey marble slab which, in the early 1950s, was used for embalming Stalin. "Charges range from $1,500 for a single day's work (for example when the head has not been smashed to a pulp by bullets) to $10,000 for a whole week (if the whole body was blown to pieces by a bomb and has to be put together again)."

Professor Zbarsky shakes his head at the horror of it all. "The recent extension of the mausoleum laboratory's activities to cover the embalming of mafiosi strikes me as typical of the depth to which the authority of the government of Russia has sunk in the last few years."

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BOOKS

Money, monnaie, Monnet

Philip Stephens enjoys an unblinkered look at the history of Britain's relations with Europe

It seemed so obvious. No government could "give up sovereignty over such elements in its economic structure without prejudice to its power of action in almost every other field", the British Treasury solemnly intoned. Ministers concurred. If others in Europe pressed ahead, a "political federation might be an essential pre-requisite", recalls the minute of the cabinet's subsequent discussion. The national interest was best served by seeking to derail the project. If that failed, Britain would stand aside in splendid isolation.

Thus, we might conclude, has sterling been left on the sidelines at the launch of the European single currency. But, as Hugo Young reminds us, Britain's turbulent affair with its nearest neighbours is replete with echoes of past errors. Though the words cited above might well have been those of the Conservative government which sought first to thwart and then escape from Jacques Delors' *monnaie unique*, they in fact predated the birth of Emu by half a century.

This Treasury paper and cabinet minute appear at the beginning, not the end, of Young's story. They were written in 1948 in response to France and Germany's first great gesture of postwar reconciliation: the pooling of their national sovereignty in Jean Monnet's coal and steel community. This mean and misguided reaction to the precursor of the common market defined the dismal concoction of arrogance, jealousy, and indecision which thereafter shaped Britain's relationship with the rest of Europe.

Young tells the tale of those 50 years, from the imperial delusions of the early postwar years to the pinched nationalism which has all but broken the Conservative party, with vivid brilliance. There are precious few accounts of the politics of our time which are at once scholarly and gripping. This book is one of them.

The grand sweep – the story of a political establishment too grand to understand that Britain's fortunes were irreversibly entangled with those of the defeated nations of Europe – is well-trodden ground. Young's contribution is to bring a rare sharpness and erudition to the history. Each agonised twist and artless turn is laid bare. Above all, the author exposes with ruthless and forensic skill the fundamental dishonesty of the political leaders and Whitehall mandarins alike charged with guiding Britain to the future.

First the nation was told it could stand aloof. Even as its empire crumbled, Britain would remain a great power. Nowhere was this arrogance better personified than in Rab Butler, the then chancellor, at the time of the Messina conference. This momentous event in the making of modern Europe was dismissed as "some archaeological excavations" in an old Sicilian town.

As the hopeless vanity of this strategy exposed itself, ministers and mandarins declared they would have the best of both worlds. It must never be admitted that a nation undefeated in war was no longer master of its own destiny. Instead, a deliberate duplicity pretended Britain could join Europe's club but play the game by its own rules. The people would be deceived. The special relationship with Washington would be preserved. The ties with former empire would never be broken.

THIS BLESSED PLOT: BRITAIN AND EUROPE FROM CHURCHILL TO BLAIR
by Hugo Young
Macmillan £20, 558 pages

Thus neither the benefits nor the costs of engagement in Europe were ever honestly confronted. Margaret Thatcher personified and amplified the fatal inconstancy. Young reminds us that this wistful Gaullist, author of the infamous Bruges speech, took her country further along the road of integration than any prime minister save Edward Heath. It was Thatcher who put her signature on the treaty which introduced majority voting in the council of ministers. This was a surrender of sovereignty on a grand scale. Yet "simultaneously all her political energy was directed against what she herself was doing". The contradiction was her eventual nemesis.

Others do not escape lightly from Young's strictures. Hugh Gaitskell, the eloquent architect of Labour's insularity, looked to a lost past with all the vain romanticism of his Conservative counterparts. Wilson's failed application to join what had become the common market was born of shallow opportunism.

Even Heath, whose single-mindedness eventually secured a place for Britain in Europe's venture, is called to account. Engagement in Europe comes at a price. The pro-marketeers, as they were then called, were part of the conspiracy of silence which had hidden from the people the reality of the trade-off between sovereignty and influence.

The story starts, though, with Churchill, often mistakenly described as the first pro-European prime minister. Here was the leader who spoke of a united states of Europe. But it was Winston who embodied the delusion that an imperial past and a military triumph allowed Britain to look on as others charted Europe's course. The Europe he wanted to unite began at Calais.

Young's diligent research – most of the players in this drama were interviewed over many years – is matched by a wonderful eye for significant detail. He is the first to expose the arrogant complacency which still infects the civil service, above all the Treasury. Whitehall still speaks with disdain of foreigners. But the author also identifies the occasional exception.

Thus amid the deluded complacency of his peers we hear the lone voice of Sir Henry Tizard, the Whitehall official who remarked in 1949 that "we are a great nation, but if we continue to behave like a great power we shall soon cease to a be a great nation". Dean Acheson, the US secretary of state, later scandalised the British establishment in his famous reformulation of that sentiment. Britain had lost an empire but failed to find a role.

That is still true. Young is right in his postscript to identify Tony Blair as the first instinctive pro-European in the procession of postwar prime ministers. But I wonder whether he is not over-optimistic in seeing Blair as a leader ready to persuade Britain to own up to its European destiny – and thus its present plight.

Politics, poetry and portraiture

Nicholas Wroe talks to writer and poet James Fenton

Professor of Poetry at Oxford, James Fenton's emphatic response to his name being consistently linked to the vacancy as Poet Laureate is, "Not on your nelly.

"Firstly, there are a lot of people in front of me", he continues; "also, it's not a proper job, and finally because it's just so outdated. In fact it's been outdated since 1850". So perhaps no surprise then that his latest book has nothing to do with poetry at all. *Leonardo's Nephew* is a collection of essays probing 15 art historical subjects ranging from Freud's fondness for statuettes to whether Seurat's bathers were swimming in sewage.

"I know it's a little odd", he concedes, that his time at Oxford should have coincided with what he calls his "art craze", but equally he notes that it is nothing new. "I've never wanted to live in a poetry obsessed world", he explains. "You need other things in your life and from the start I set out to make sure that poetry was never my primary activity. It was a conscious artistic decision", he declares. "Of course, I'm not sure it was a good artistic decision, but there you are".

LEONARDO'S NEPHEW
by James Fenton
Viking £20, 304 pages

The list of jobs and enthusiasms Fenton has combined with his poetry over the last quarter century is a tribute to this determination to have "other things". Having been awarded a bursary to travel and write poetry in 1973 he went, like the good revolutionary he then was, to Saigon, where he hoped to actually see a communist victory. He did, and not only was he there to greet the advancing Vietcong, he also hitched a lift on one of their tanks to the presidential palace and helped in the looting of the American Embassy.

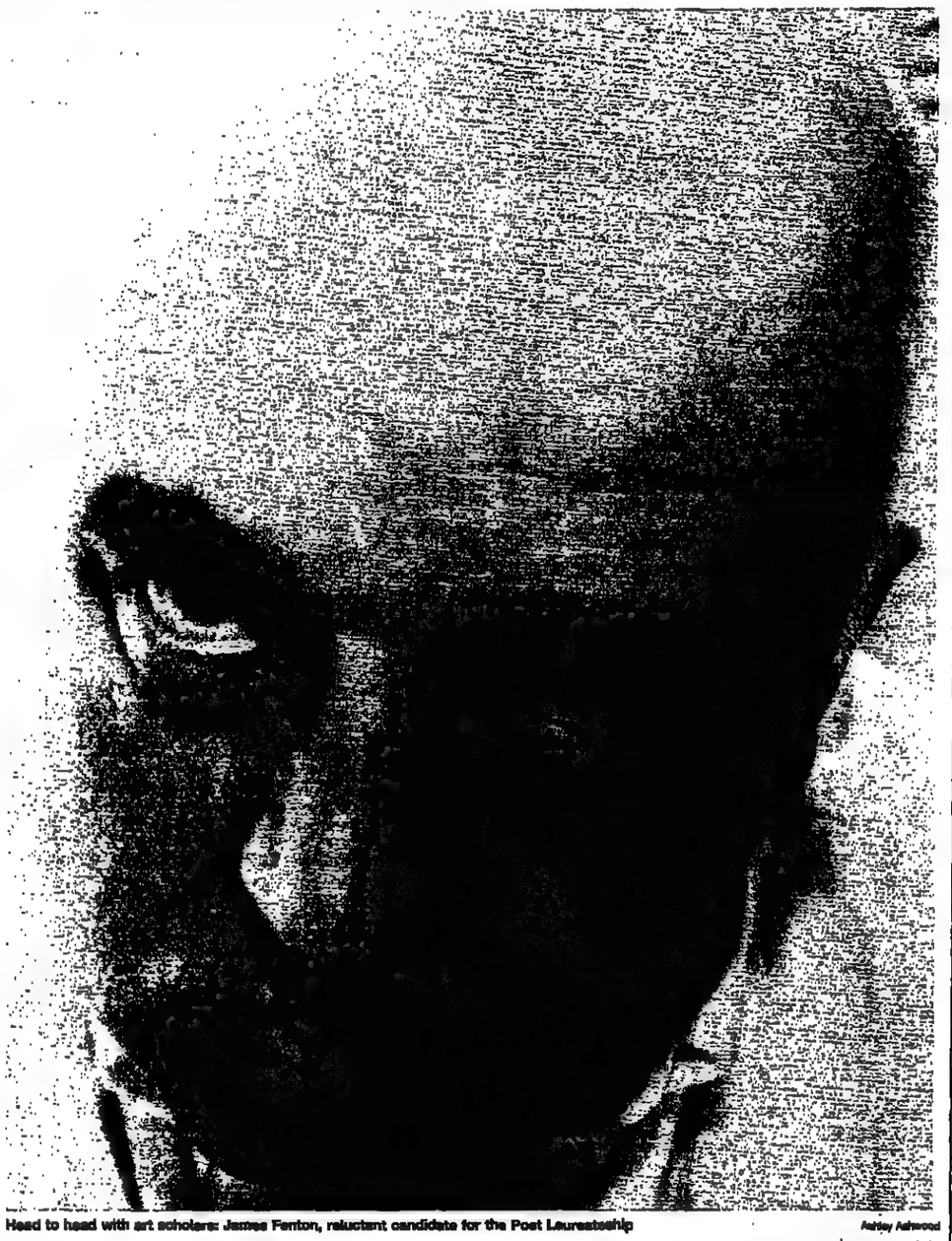
The following decade he was in the Philippines when revolution forced out the Marcos regime. He then had spells as a parliamentary sketch writer and a theatre critic before going back to South East Asia for another three years as a foreign correspondent .

"You shouldn't go on being a foreign correspondent reporting war, famine and revolution for too long", he explains. "When Saigon fell there were people with me who started looking for action in Africa or Beirut or wherever. It's a sad thing if you feel you're not doing something serious unless you are hearing the rattle of gunfire". So Fenton returned home as a columnist on The Independent where the first stirrings of his interest in art history became apparent.

But neither the time nor place was right for such work. "I did a few art historical pieces but I was told that my column was taxing the education of the readers in an unfair way", he recalls. He then gravitated towards the New York Review of Books – "I now live in England but write for an audience abroad" – for whom all but two of the pieces in *Leonardo's Nephew* were written.

"It seemed to me that there are a lot of good stories around in art history. They are told between academics in symposia but very little of it gets out to the general public. My role is that of mediator between scholarly writing and an intelligent general reading public".

The essays are intellectually engaging and thoroughly enjoyable for their breadth of subject matter. Fenton's obvious enthusiastic curiosity and the wealth of telling detail he includes. The title piece, about Pierino da Vinci, brings us up to speed with research so recent that the "modern Pierino is still coming into being". His essay on Picasso is both a trenchant rebuttal of the charge of wartime cowardice, and a history of the paintings artists have made of their dealers. (Fenton suggests an exhibition of this genre should be called "A Century of Sucking Up".) His study of Robert Rauschenberg includes the poignant picture of him returning home in 1945 to Texas after completing his navy service, only to find that his family had moved away and not told him; and the piece on Degas reveals not only his vicious anti-Semitism, but also that he ate Dundee marmalade neat from the jar.



Head to head with art scholars: James Fenton, reluctant candidate for the Poet Laureateship — Ashley Ashwood

All this is Fenton fulfilling his role as mediator of things well known to the academic art world, but he has also made at least one serious art historic discovery – a previously unrecognised diary account of a dinner party the monstrous Degas attended – and has persuasively challenged the orthodoxy on another issue: whether or not Egyptian Funeral portraits were painted when the subject was alive or dead.

"Generally speaking I've taken subjects that have been really well presented by scholarly sources, which is fine if you have a sense that the sources are reliable and excellent", he says. "But when you find that you're reading a scholarly work, such as the British museum catalogue was on these mummy portraits, and you just can't believe what you're reading, then you're in big trouble and you very quickly have to read yourself into the subject.

"For me and nearly everyone else who looks at those portraits, they look like they were painted from life. I know they also have a sense of what ideal beauty was at that period, but mostly they have a very strong sense of the living person. I simply couldn't believe the way the British Museum were presenting the case, so I asked the scholars in question for their reasoning. Then I read up, thought about it and published the piece saying they were wrong. Their response was typical. I was invited to a meal where I would have been made to feel rather guilty and the opposite point of view would be put. So I didn't go. I've made my position clear, and I'm much more vulnerable than they are, so if they want to attack what I said they are welcome to".

Away from art, Fenton has to give three lectures a year at Oxford – "so over five years I hope that will make a book" – and in the last year the man whose musical pedigree included providing additional material for *Les Miserables* has written the words to an oratorio, an operatic adaptation of Salman Rushdie's *Haroun and the Sea of Stories* for New York City Opera, and is currently working with Thomas Adès on another opera. "But I've always been tremendously late with all this sort of thing", he confesses. So the reassuring discipline of deadlines from the New York Review, and the fact that "it doesn't really seem like work", mean that the art craze won't end for some time yet. "There doesn't seem to be a good general book on drawing around, so I'd be keen to do that", he says, "and most recently I've been looking at armour and the people who collect it. Interestingly, American press barons seem to be particularly susceptible to it. I think it's the baronial aspect that appeals".

Governed by the laws of the jungle

Michael Thompson-Noel on an extraordinary first-hand account of an unknown civilisation

Cannibalism can *seem* rather jolly, especially in cartoons in which plumply meddlesome missionaries have been tossed into a cooking pot by lip-smacking savages. But cannibalism, in truth, can be extraordinarily grim, especially as described by naturalist and explorer Tim Flannery in this account of his wildlife research in the remote jungles and highlands of New Guinea.

One day, the head-man of the Yominbip people told Flannery the story of how he had found his step-son, Oblankep. It happened, said the head-man, in the late 1950s or early 1960s. The Yominbip people had planned this raid for years. Secretly, they built a cane suspension bridge across the Sepik river.

At night, a large party of warriors crossed the bridge and surrounded an Athalmin village, slaughtering, on a signal, all 50-odd inhabitants, except for a few young girls and children. The bodies of the victims were dismembered and the head-man, who was then young, finally set off with the gutted torso of a male enemy tied to his back, a severed arm and a leg slung over each shoulder, and a head wrapped in palm-leaf packaging.

THROWIM WAY LEG: ADVENTURES IN THE JUNGLES OF NEW GUINEA
by Tim Flannery
Weidenfeld & Nicolson £20, 326 pages

On the outskirts of the village he was stopped by the faint, persistent crying of a baby, less than a year old, hanging in a *bilum* – net bag – on a tree by the path. He took the string bag and slung it over his shoulders. After a few steps the baby, comforted by the rhythmic step of its new step-father, stopped crying and fell asleep. What it did not know was that it was being carried between the severed limbs of its real parents.

While telling Flannery this story, the head-man took Oblankep's hand in his own with great tenderness. "I knew then," he said, of the night of the raid, "that my son would be a good man. He did not cry, but was good and quiet when I carried him."

Oblankep, says Flannery, was smiling into his step-father's face. "I was still shocked and confused by this account of familial love," writes Flannery, "when the head-man's wife joined in, [saying]: 'We ate his Athalmin parents. They were fat. They gave me all the milk I needed to nourish two children. Oblankep grew strong on them'."

This is a vividly horrible yet utterly memorable story, just as the whole of *Throwim Way Leg* is memorable. "Throwim way leg" is a phrase of New Guinea pidgin meaning to go on a journey, to thrust out your leg for the first step of a long march.

Flannery has been on many marches in New Guinea, for he is a famed explorer and scientist. He is the principal research scientist at the Australian Museum in Sydney, and well-known for significant work in palaeontology, mammalogy and conservation. Sir David Attenborough ranks Flannery among the all-time great explorers, such as David Livingstone.

When he first started visiting New Guinea, says Flannery, he imagined that the great age of discovery had ended, and that his humble role would be to bring together the knowledge earlier researchers had gathered, add some photographs and ecological notes, and stick them in a book. If he was lucky, he might discover some obscure creature – a New Guinea rat, perhaps – which had escaped his predecessors.

In the event, this modest man, who recounts his exploits, hardships, sufferings and triumphs with saintly matter-of-factness, got more than he bargained for in New Guinea, which is the world's second largest island, after Greenland, and is divided into two.

The eastern half is the independent nation of Papua New Guinea (PNG). The western half, Irian Jaya, is a province of Indonesia.

> He was living among peoples to whom, a few years earlier, cannibalism had been a way of life

Despite half a century of colonial rule, it was only in 1935 that Australian gold prospectors stumbled across the 750,000 people living in the central highlands of Papua New Guinea.

Irian Jaya's most prominent population centre, the Baliem Valley, was discovered even later, in 1938, when a millionaire adventurer, Richard Archbold, saw what he described as a Shangri-la from the air. This was the last time in the history of our planet, says Flannery, that such a vast, previously unknown civilisation was to be discovered.

When he first visited New Guinea, he says, he had no idea he would spend months living among largely uncontacted peoples to whom, a few years earlier, cannibalism had been a way of life. Nor did he think he would climb mountains previously unscaled by Europeans, enter uncharted caves, or rediscover animals previously known only as ice-age fossils.

The vivacity of the story-telling in *Throwim Way Leg* stems from the fact that Flannery is speaking from first-hand experience. *Throwim Way Leg* is no mere travel book by some epicene ninny. It is the real thing.

One man's view of his importance

Woodrow Wyatt was pretty pleased with himself, and has left these diaries to show it. In 1945 he was a promising Labour MP; there is even a suggestion in the diaries that he was once tipped to become prime minister. By 1951, however, he was becoming disillusioned with his party and devoted much of the rest of his life to journalism, much of it for the News of the World and The Times, to the Tote and to contacts.

These journals begin only in 1985, when Wyatt clearly reckoned that his influence was at its height – primarily because of his closeness to Margaret Thatcher. It is odd that the index to Baroness Thatcher's memoirs makes only one reference to him, and that only in passing. Yet Wyatt claims that he was in touch with her, usually by telephone on Sunday mornings. If he failed to call her, she would ring him to see if anything was wrong.

Other key contacts included Lord Weinstock of GEC, Rupert Murdoch and the Queen Mother. Some of the subjects covered in the diaries were quite important, such as the Westland affair, which led to the resignation of both Michael Heseltine and Sir Leon Brittan. "You are the only person," Wyatt quotes Thatcher as telling him, "who gives me the facts." And later he muses that perhaps the reason why people like Weinstock and Murdoch consulted him so much was that they knew he could get a message to Thatcher.

As for the Queen Mother, relations seem genuinely to have been good. It is a different story with the Queen. "I think she is very stupid," wrote Wyatt, then later: "I've never exchanged more than a few words with her and find her impossible to talk to." It does not occur to him that the Queen might not have liked him either.

THE JOURNALS OF WOODROW WYATT: VOLUME ONE
Edited by Sarah Curtis
Macmillan £25, 748 pages

The diaries are full of prejudice and generally anti-intellect. The only modern English opera that smart people like, Wyatt notes, is by Benjamin Britten, "and that's because he was queer".

Wyatt notes repeatedly that the BBC is full of communists and Marxists and, in passing, has a similar go at the Financial Times. He complains time and again that he does not have enough money, but makes no link with the amount he must have spent on wine.

Wine, food and horses take up a good part of the book. Sarah Curtis, who has done a fastidious job of editing, explains that the published diaries are only one-third of what he actually wrote. Alas, this is only volume one.

Malcolm Rutherford

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ARTS

Master of old and new

Delacroix was both a neo-classicist and Modernist painter, argues **William Packer**

This has been a big year for centenaries. The theme is notably sustained by the Delacroix exhibition, now at Philadelphia after its showing in Paris this summer, to mark the bicentenary of his birth. But, substantial though it is, the show is no blockbuster. Rather, it concentrates on the work of his last 20 years or so, through to his death in 1863.

He was born as neo-classicism and high-minded history painting were at their fullest flood, and David and Ingres the presiding masters. But already Romanticism was rising as the great countervailing force and, as a young artist, along with his great contemporary Géricault, he would find himself consciously reacting against the one, responding to the other, and being demonstrably influenced by both.

> A painters' painter, his very faults are essential and particular qualities of his greatness

He died in that decade of incipient Modernism, the 1860s – of the Realism of Courbet and the Symbolism of Millet, and with Manet and the young Impressionists already at odds with the Salon. By then he in his turn had become a power and an influence, at once the old master and the first of the moderns.

For Delacroix has always been acknowledged as a great artist, and most especially by artists themselves, a painters' painter. But he has also always been problematical for his contradictions, technical unevenness and inconsistency and his sometimes alarming lapses of judgment and taste. But then again, given the times he lived in and the powerful and contradictory forces constantly at work upon his active imagination, it would be surprising were this not so. To the Romantic, after all – and it was the Romantic in Delacroix that ever rose above all – feeling, and impulse in its expression, were necessarily paramount. With him one can always argue that his very faults are essential and particular qualities of his greatness. And it is in the later work, of his full maturity and established fame, that these questions come most clearly together.

He was literary in his interests, steeped in Byron, Dante, Goethe, Ovid, Ariosto and, of course the Bible. In this he was consciously old-fashioned, for even by his own time such insistent references and historical aspirations were largely the province of the more pedestrian Salon painters. Here he is too, with his regulation Distressed Damsels either being carried off, imprisoned, or rescued by Knights in Armour or Marauding Giaours. It is easy to laugh, and one sometimes does, but always – and even at their most bathetic there are no exceptions – it is not what they are about, but what they are as paintings, that saves them.

At their best we smile with a purer pleasure at what he has done, and how. Pinabello's Lady (Pinabello himself having been knocked unconscious for his rudeness), is forced by Marfisa (a Woman in Shining Armour) to strip and give her clothes to a poor old woman: all good knockabout medieval stuff. But the picture itself is exquisite, realised in rich, vigorous paint, the composition alive with rhythm and gesture, and the poor girl herself a perfect study of the standing nude, half-turning, seen from the back. The struggling Rebecca is carried off shoulder high by the wicked Brian de Bois-Guilbert, whose waiting white charger is as knowing as it is economical in formal modelling and description. The defeated Turk is trampled underfoot by a galloping Greek, and there can be no better a study of horse and rider.

Delacroix took liberties all the time, and it is the measure of his greatness that we accept them. And we accept them because they always serve his purpose in the painting, as painting.

Much of the information for these later works, most especially for the exotic Byronic scenes of the Greek War of Independence, was gathered on a journey through Spain, Morocco and Algeria that he made in 1832. But it was material used more by long assimilation than by direct reference. "I began to make something tolerable of my African journey", he said, "only when I had forgotten the trivial details and remembered nothing but the striking and poetic side of the subject. Up to that time, I had been haunted by this passion for accuracy that most people mistake for truth."

There speaks the true Delacroix, for, though he appears to disclaim it, it rings true in all his work. And it is an important truth, with application to all true art – for accuracy alone, in this subjective, sublunary world, was ever a chimaera, impossible of attainment, and not the point at all. But what makes it so pertinent here is that in his late work, we may see and read it as the first hint and anticipation of true Modernism, to take us well beyond Impressionism into Expressionism and the 20th century.

There hangs in the exhibition a huge and astonishing canvas that is but the lower half of the vast "Lion Hunt" that was half-destroyed in a disastrous fire at Bordeaux in 1870. Even more astonishing is the smaller study for that composition, a richly painted, swirling mass of lines and marks, dabs and strokes, from which the images of man and beast, horse and rider, hunter and hunter, emerge like pictures in the fire. It is near-abstract and yet remains the full suggestion of all the life and fury depicted in the finished work. Complete in itself, it is as true, and enthralling, a modern painting as one could find.

Delacroix – the late work: Philadelphia Museum of Art, Benjamin Franklin Parkway, Philadelphia, PA, until January 3: sponsored by Elf Atochem North America.

'Marfisa': all good knockabout medieval stuff – but the picture is exquisite, realised in rich, vigorous paint

Television/**Christopher Dunkley**

Traumatised by warfare

Every year as we move further away from the end of the first world war, television does its duty, marking the occasion with supposedly suitable programmes, and every year it seems less likely that we shall ever again hear eye-witness accounts from survivors. After all, in 1998, we are 80 years away from the armistice so the youngest survivors must be approaching 100. And yet here they are still, with BBC1 starting a two part series called *Veterans* tomorrow, telling the story of the war in the words of some of the last of the few survivors who fought on the Western Front.

The Post Office managed to ensure that I was unable to see a preview of that, but it failed to deprive me of Channel 4's *Shell Shock*, which was biked. The idea of choosing not to go for a programme about honour and glory, but to look instead at a subject as odd and specialised as shell shock may at first seem perverse. When you discover that *Shell Shock* is actually a series of three 60-minute grammes, it starts to look positively bizarre. And yet this proves to be an example of Channel 4 at its best, with lateral thinking serving to fulfil the famous remit to be different.

It is hard to be sure whether it was deliberate, but the final effect of the series is powerfully anti-war. That is not to say it has an overt pacifist agenda: on the contrary, these are well made observational documentaries which include not even a hint, let alone a statement, about the ethics of war. Yet any sane individual who watches all three programmes will surely end up wondering what sense it makes to use anything as clumsy and destructive as warfare to try, fruitlessly as often as not, to settle international disputes, given the effect it has not only in killing so many people, but in ruining the lives of those who survive.

Programme 1 is concerned with the first world war; next week's deals with second world war; and the third glances at Vietnam and looks more closely at Northern Ireland, the Falklands and the Gulf war. In the course of the series the subject evolves from "shell shock" via "battle exhaustion" to "post traumatic stress disorder", though the effects seem to have remained much the same. The best of the three is tomorrow's programme, sub-titled "Minds The Dead Have Ravished". Its quality comes partly from its astonishing and shocking archive footage, but chiefly from the way in which a programme devoted to a topic as specialised as shell shock turns out to have so much to tell us about the broader subject of social attitudes at the beginning of this (now very nearly exhausted) century.

The odd fact is that, having set out thinking "How can anyone sustain interest in shell shock for an entire series", you end up feeling almost short-changed. About half way through, as the British army hunts during the second world war for ways of getting more mentally damaged men fit and returned to the fighting, you realise that the series is actually about the history and development of military psychiatry and even, by extension, of psychiatry in general. The footage in tomorrow's programme showing men with "Dancing Gait", "Hysterical Slippery Ice Gait" and "Battling With The Wind" – weird ways of walking, all induced by stress – and next week's scenes of early electro-convulsive shock therapy, provide vivid and dramatic evidence of the appalling effects of modern warfare on the minds of those sent to wage it. Film researcher James A. Smith appears to have done a stunningly good job.

Today's Channel 4 programme, *The Real Kaiser Bill*, which serves as a curtain raiser to the subject, is even more rich in archive film. This is scarcely surprising when you remember that Kaiser Wilhelm II was a Hohenzollern, grandson of Queen Victoria, related to most of the other crowned heads of Europe, and thus one of the most frequently filmed individuals during the early years of the movie camera. This programme is a splendid example of television's modern tradition of revisionist biography, showing a real charmer: a snob whose admiration for the English aristocracy was transformed into a determination to out-do the Royal Navy.

Spotting an admiral suffering from sea sickness, Kaiser Bill's idea of fun was to punch him hard in the stomach. When his best friend was dragged through the German courts on charges of homosexuality, Bill dropped him and never spoke to him again. Throughout the first world war, of which he was a keen proponent, he never once visited the trenches, though he talked gleefully about corpses being piled six feet high. Forced by the German government to abdicate, he blamed the Jews for his predicament. Taken together, these programmes carry you straight back to the black and white arguments of sixth form debate: why should a single soldier suffer shell shock as a result of fighting for a society dominated by the likes of Kaiser Bill?

Radio/**Martin Hoyle**

Unfashionable views

On radio it was a week of paradoxes. The story that the BBC's "political adviser" had issued a memo stating that Peter Mandelson's private life was out of bounds broke simultaneously with the Bishop of Oxford being approached by the BBC to talk about the Prince of Wales and Mrs Parker-Bowles. Of course it could be argued that the latter *affaire* is of public interest, concerning the future head of the Anglican church and that church's attitude to divorce. As opposed to the sole shareholder of a £780m space to be filled at capricious whim, with which the public is not to be remotely concerned. It would be nice to know if Mandelson is an automaton, for instance. Is there a way of telling?

Another paradox. In an intriguingly unfashionable item in Radio 4's *From Our Own Correspondent*, the excellent Gerald Butt mused on the de-Islamicisation of such great Moorish monuments as the Alhambra. Not only have subsequent builders disguised the building's essential Arab beauty, but modern Spanish guidebooks ignore the Moorish contribution, a matter of some centuries' occupation, to their country – extending from keeping alive mathematics and philosophy during Europe's dark ages to the introduction of dates and rice.

Butt suggested that current Islamic bitterness towards the west might be countered by acknowledging our debt to Moorish culture. Compared with the recent bigoted braying on both sides in television's confrontation on British India – where the view that everything was a Good Thing was countered by the equal tosh of claiming India had been a world power before the British left her poverty-stricken – this sounded like calm, unprejudiced reasonableness of a sort rare today.

Although it must be said that Howard Brenton's much-trumpeted first original play for radio, *Nasser's Eden*, was at its most interesting when depicting both the British prime minister and Egyptian leader prey to the same perfervid dreams of glory. At one point during the Suez clash, Eden was depicted as obsessed with dreams of empire, while Nasser was positively Churchillian in his determination to fight the invader to the last guerilla, to block the canal and assassinate the old regime, even should Cairo lie in ruins. Cathryn Horn's production cross-cut seamlessly between British and Egyptian camps to underline the similarities.

But as the psychological study promised, it was a non-starter. There was no reference to the illness that racked Eden at the time which we now know to have fatally impaired his judgment. As the prime minister Alec McCowen sounded like Alan Bennett's more prissy Oxbridge academics, especially with such impossible lines as "Tell the butler to bring some kind of cold colation". There must be less caricatured ways of suggesting the *ancien régime*. Some of the foreigners (but not all) spoke to each other with foreign accents. A perky duo of Egyptian workmen threatened to become a comic knockabout turn from pantomime. And the actor playing Harold Macmillan (Nigel Davenport, I guess, though yet again Radio Times omitted most of the cast) sounded like Bob Boothby. Despite some perceptive details (Lord Mountbatten comes out of it very sensibly – another daringly unfashionable interpretation), the play produced no new insights into either history or the psychology of its chief players.

Yet another paradox: the recording company Deutsche Grammophon was originally British. It was one of the British assets seized by Germany in the first world war and not returned. Radio 3's *One Hundred Years of the Yellow Label* is halfway through a history of the company, starting with great pioneering names such as Fred Gaisberg, primitive early recordings and Caruso sealing the new invention's success. It seems like only last year that we were hearing programmes celebrating the centenary of recording, complete with Fred Gaisberg, primitive early recordings and Caruso sealing the new invention's success. It was. But that was Radio 2. The BBC is not averse to a shove in the right direction from hefty PR interests in these market-led and ideas-starved days.

Episode 2 took us to Berlin – literally, for no more reason than to provide some clumsily dragged-in sound effects and to give presenter Stephen Johnson a pleasant foreign jaunt. In these days of virtual reality the BBC could have stayed at home to equal effect; but then radio has always been virtual reality anyway. Nemesis struck in the shape of a tape breakdown and the embarrassed announcement that "meanwhile here's some harp music".

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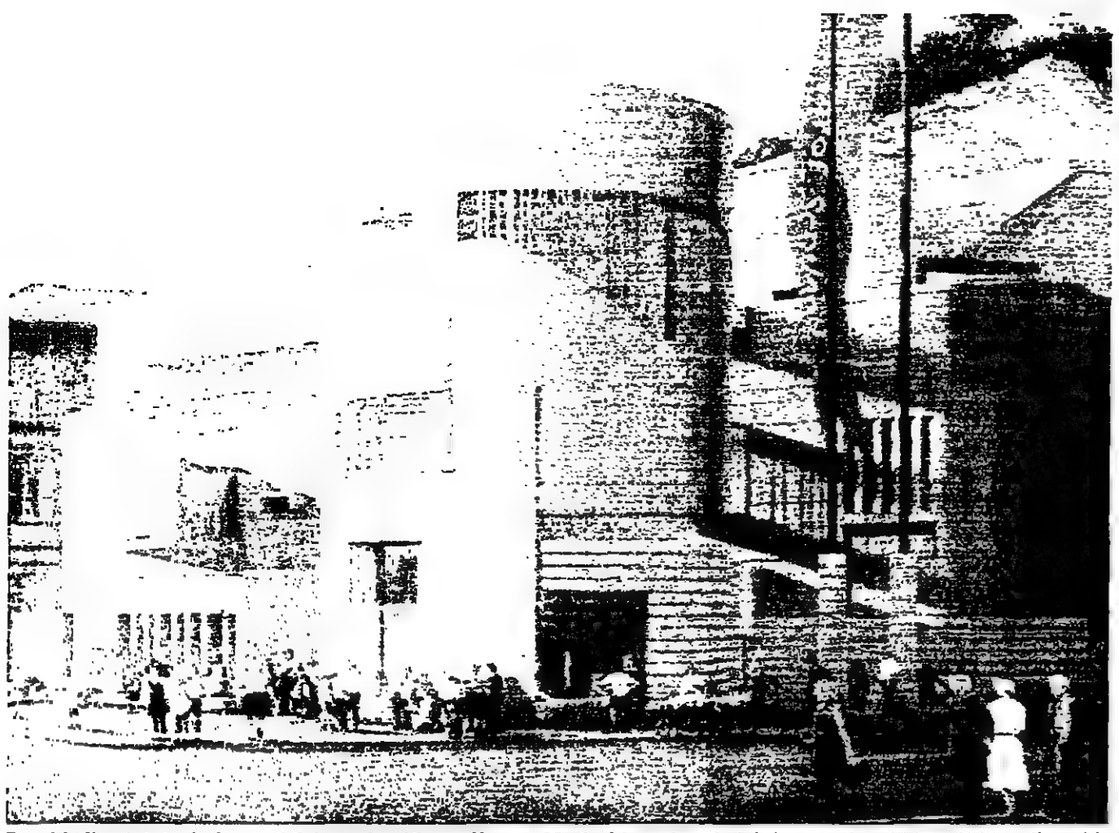


From John Knox to tartan frocks: an artist's impression of the new Museum of Scotland, 'a secular cathedral of an agnostic society'; and (right) a uniform of the Royal Company of Archers, early 19th century

The Caledonian connection

John Lloyd finds democracy rules in Scotland's new museum in Edinburgh

As Scotland prepares for its first parliamentary elections for nearly three centuries, a new building in Edinburgh is emerging as an exhilarating focus of debate on both Scottishness and museumhood. The Museum of Scotland faces the intellectual challenge of giving a narrative to a country through its artefacts. But it also has a more delicate task; that of teasing out the threads of a Scots identity more publicly contested than ever between unionists, devolutionists and nationalists.

In part the problem of these competing visions has been solved in the museum's displays by simply allowing them to compete. In that sense, the museum mirrors the new Parliament, now being built a mile away, in being a structure for containing diversity. If the museum hangs together – it should be opened on St Andrew's Day, November 30 (St Andrew is Scotland's patron saint, his cross the national flag) – then it will not only be national, but democratic. Which is one of its intended leitmotifs.

Many individual visions go into the overall one: the most immediately visible is that of the architect, Gordon Benson, who with his partner Alan Forsyth won the competition to design the building, is a thin, intense man in his early fifties. In the course of a two-and-half hour tour of the building, he scarcely seemed to draw breath as his discourse shifted through medieval history to postmodernism, from reflections on Scots character to asides on the limited visions of his architectural competitors.

He has created a building at once massive and light; the main elements are enclosed within a curtain wall of hard, multicoloured Scots sandstone; the inner core of a softer, whitened stone. The space between the outer and inner walls is used to bring light down through the building to the underground levels. Once through the main entrance, set into a round tower, the visitor enters a high, light atrium.

The layout of the museum is on three main levels – prehistory below, medieval and early modern period at ground and first floor levels, 19th and 20th centuries on upper levels.

Windows frame views of a city whose architecture is still dominated by the medieval building of the Old Town and the Georgian of the New. The great atrium window parallels the entrance, across a busy road, to the Greyfriars Church, a central location in Scots history since it provided the site for the signing of the Covenant. A window in the tower frames the half-moon battlements of the castle, a shape repeated in the tower itself.

When asked about national identity, Benson eschews history for culture. He deplores some of his native Glasgow's pompous 19th century architecture, saying that the nouveau riche merchants were grasping after a mock baronial style. Come Charles Rennie Macintosh, the city's genius, (comparable, says Benson, to Brunelleschi or Le Corbusier) and the past becomes open, not as a treasure trove to be ransacked for borrowed clothes but as a bequest to be visited, echoed, superseded. That, Benson says, is how he wishes to approach the museum. "Mackintosh was saying, I think, that in order to be truly national, or nationalist, you must have an open, internationalist nation."

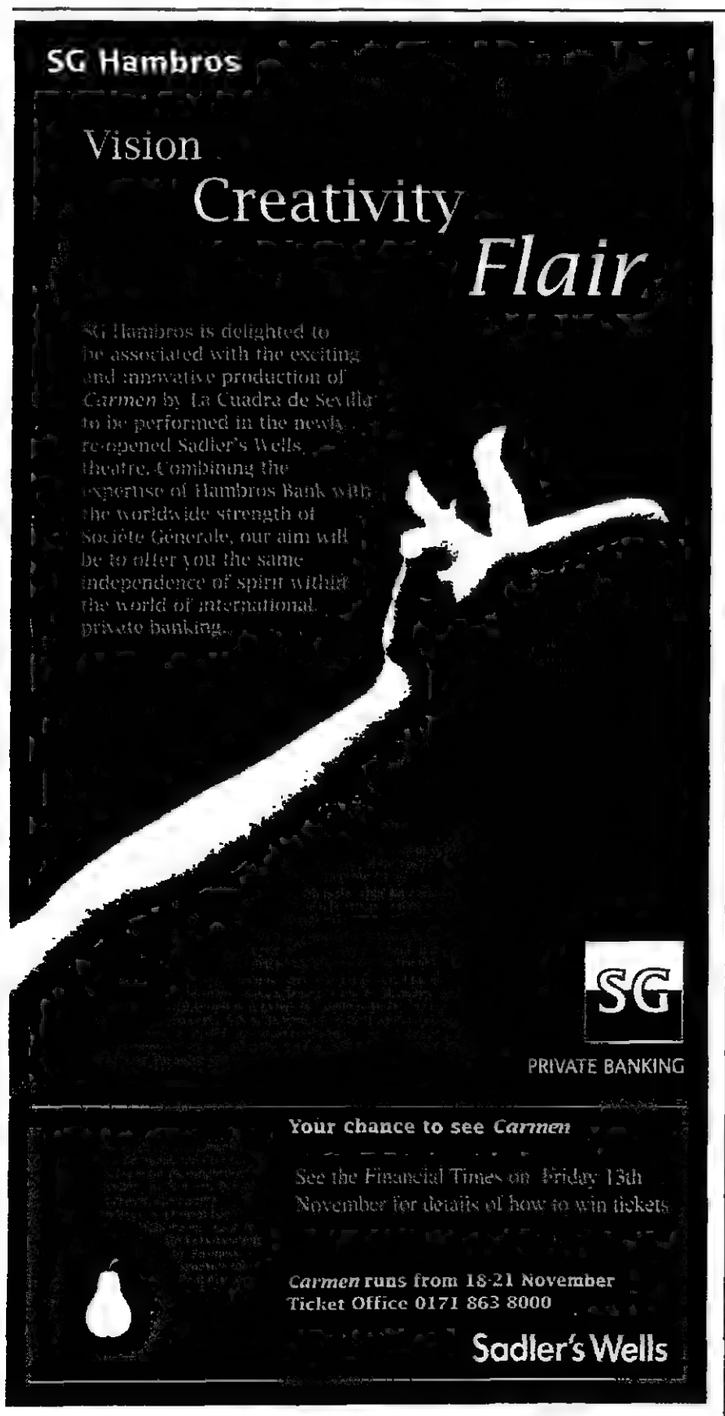
Benson maintains that "museums in the late 20th century have become the secular cathedrals of an agnostic society. They safeguard, interpret and make available society's record and understanding of itself, and its cultural traditions. They are places of secular pilgrimage and awe".

Archaeologist David Clarke has the closest to a conventional curatorial narrative with his brilliant, thematic presentation of early history. Each case tells a story, as of Roman officer life compared to Roman soldier life, with the finer amphorae, dishes and eating tools (the "Romans", many of whom were locally recruited, did penetrate north of Hadrian's wall – for a time). Clarke is interested more in power, in the inner life of the artefacts, than in their telling a national story. He sees the people who can be glimpsed through the objects not as prototype Scots, but as men and women grasping after food, warmth, sex, domination – as well as some explanations for their presence, not in Scotland, but on earth. His delight is not in discovering a national essence, but in paradox; the last exhibits are two stones, one from the Shetlands, one from near Perth, with Christian imagery carved on them – but, on one, two figures of bird-headed men peck at a skull. "It is Christian," says Clarke, "but there's something else going on, too."

In the galleries which encompass medieval Scotland through to the Act of the Union in 1707, curator Hugh Cheape is shaping a story which does include a national, if not a nationalist, element. On one wall, the quotation from the 1320 Declaration of Arbroath, made by Scots nobles anxious to resist Edward II of England's claim to rule the country, is picked out: "As long as 100 of us remain alive, we shall never submit to the domination of the English." That, today, is hardly a neutral text; but nor is it one which can be ignored. Elsewhere, Cheape has used Benson's windows to do something very surprising with the Scottish church, the church of Knox, a byword (most of all among Scots) for dour, joyless severity. Coming out of a low, dark room in which the crypt-like medieval church is portrayed, you enter a light, high chamber full of silver communion cups and open books. The reformed church, says Cheape, has been misread as sour; it was poor, and plain – but always open. In another chamber is a celebration of 17th century Scotland as a nation at once conversant with the rest of Europe yet with the lineaments of a maturing state. "I wanted to show," says Cheape, "that the Scots enlightenment (of the 18th century) was not simply a function of Union."

The final glimpse, in the last gallery at the top of the building, is of the 20th century. Mark Jones, the museum's director, chose to represent the present by turning it over to the people. Thousands of forms were sent out all over Scotland; more than 700 were returned, each with a selection of two objects – domestic and universal. The result will be a collection of artefacts which, in the main, are not particularly Scots; lots of people had a cooker as their domestic object, others mentioned the atomic bomb as their global object. But the lack of national elements is compensated by a populist gesture – Jones got a number of Scots celebrities involved. Sean Connery, the most famous Scot and a supporter of the Nationalist Party, specified a copy of the Declaration of Arbroath rolled up in a milk bottle (he began his working life as a milk roundsman); the prime minister, Tony Blair, counted as a Scot, suggested a Fender Stratocaster guitar; and Kirsty Wark, the current affairs presenter, who in a forthcoming Scotland on Sunday poll is the most popular public figure among Scots, suggested a Saab convertible.

"Some will see us as nationalist, others as anti-nationalist," says Jones. This is one definition of success: a better will be a public which takes to Benson's secular cathedral and uses its offerings to interpret their past and present lives.



Theatre in Paris/**Nicholas Powell**

Frivolous Feydeau and dull Dostoevsky

From the moment Monsieur Petypon awakes, under the family sofa, with a monstrous hangover, to discover there is a variety theatre artiste in his bed (suggesting, incidentally, that no actual impropriety has taken place), Feydeau's *La Dame de chez Maxim* bounces like a taut mattress spring.

Deceiving Madame Petypon and avoiding discovery in this frivolous, irreverent Third Republic universe (the play is 100 years old) drain every ounce of Monsieur Petypon's imaginative resources – not to mention those of this most brilliant of playwrights.

Deceit becomes a comic hell when the artiste – a certain Môme Crevette – after refusing to leave, is mistaken by a dotty General of an uncle for Madame Petypon in person, and invited to an excruciatingly respectable provincial wedding.

There, her rock bottom Parisian slang, her habit of performing high-kicks over the backs of chairs shouting "He's not my father, so he's for me" and even occasionally flashing her underwear, are all taken for *dernier cri* Paris fashion, and duly aped by all the dowdy provincial ladies.

Currently handling all this brilliant and brittle material with an occasionally leaden hand at Paris's Opéra Comique (where *Carmen* was first performed) is Roger Planchon, one of France's grandest and most reputed theatre directors, and a self-confessed workaholic who, having just directed two plays and a film, *Lautrec*, should maybe rest a little.

Planchon's new adaptation of Dostoevsky's *The Devils* is playing on alternate nights with *La Dame de Chez Maxim*, using the same actors. The productions run in Paris until November 15, when they transfer to the Theatre National Populaire of Villeurbanne, Lyon, of which Planchon is director, before going on a tour of the French provinces.

> Deceit becomes a comic hell when the artiste is mistaken for Madame

Planchon uses a rectangular, revolving set for the house of Monsieur Petypon, which adds useful extra acceleration to door-banging, running from bedroom to sitting room sequences. Vanessa Guedj, her red hair piled up like singer Yvette Guilbert in a Toulouse-Lautrec print, is a delightfully attractive, vulgar Môme who keeps her bouncy vulgarity just this side of over the top.

As a foil, however, Planchon does not pitch the Petypon household as archly bourgeois and raised eyebrow as he could – with the notable exceptions of Michel Duchaussoy, who is touchingly absurd in every syllable uttered as General Petypon du Grêlé.

Nathalie Krebs as Madame Petypon is a socially self-confident but bird-brained religious enthusiast, who is easily convinced, when her presence indoors becomes simply too embarrassing, to walk round the Place de la Concorde five times and await further instructions from the archangel Gabriel. Régis Royer is also sublimely silly as the daft duc de Valmonté. *La Dame de Chez Maxim* solicits laughs and giggles, if not all the guffaws that it could.

The Devils, meanwhile, is as long and as miserable as the Russian steppes on a wet day. For while the cast is the same as in *La Dame de Chez Maxim*, the standard of acting falls far below that in the Feydeau, as if no-one had really thought themselves into, or indeed understood, their roles.

Planchon – who spent a year adapting the text for the theatre – proves, alas, that novels, especially ones with metaphysical pretensions – "Man has only done one thing: invent God to keep on living. I want to kill myself to prove my terrifying liberty" – do not easily make for good theatre. Especially when filled with a bewilderingly large number of ill-identified Russians who, for the first two hours do little but talk, often in the presence of an on-stage narrator. Intended as a substitute for dramatic tension, lots of little emphatic notes of stage business – shouting, banging of furniture and stomping around – grated as much as did the amount of understandable fidgeting, coughing and snoozing in the auditorium.

Delightfully attractive and vulgar: Vanessa Guedj as Môme

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Masterworks put market to the test

Some great art goes under the hammer this month. But will prices hold up? asks Antony Thorncroft

This is the month that should settle the fate of the art market for the next year or two. Starting on November 16 in New York, Sotheby's and Christie's will embark on a series of sales containing some of the most impressive 19th and 20th century paintings and sculptures to appear at auction for years.

They were sent for sale some months ago by vendors confident that the market was on a roll: prices had risen inexorably from the 1990 depths. Autumn 1998 seemed an excellent time to cash in.

Since then the global economy has rolled over on its back. Are there enough buyers out there willing to pay up to $12m (£7.1m) for another Cézanne view of L'Estaque; the same for yet another Modigliani portrait of his mistress Jeanne; up to $15m for Picasso's cubist version of his mistress Fernande Olivier; and up to $20m for the last of the six self-portraits by Van Gogh, sold by the Koerfer family of Zurich?

Throw in a couple of Monets, estimated at up to $8m; a $9m Jasper Johns, his early 1958 masterpiece, "White Numbers"; a large group of works by Magritte; an "Orange Marilyn" by Warhol (estimate up to $3.8m); and paintings by Matisse, Vuillard, Signac and Jackson Pollock, and more, and you have the quality to test the market as rarely before.

History suggests demand for art and antiques dries up as people feel poorer. Already across the UK dealers and auctioneers are discovering that interest in routine objects has slackened. But the very best will always be in demand, increasingly so as the great masterpieces disappear into museums.

The handful of committed collectors for the multi-million dollar works available in New York this month are probably rich and shrewd enough to have discounted any recession. They know about the vagaries of the economic cycle and that great art effortlessly rides the storm. The most desirable lots will do well in New York.

> History suggests that demand for art dries up as people feel poorer

According to Christie's specialist Franck Giraud there has been considerable pre-sale interest, especially in his top lot, the Van Gogh self-portrait. His rival at Sotheby's, Alex Apsis, agrees: "I am much more optimistic than I was a few weeks ago when Wall Street took a dive."

Now confidence is back and there have been numerous inquiries. The reserves have been kept down to ensure the works sell. Apsis is particularly keen on the rare Picasso Cubist painting. This is one for connoisseurs. It comes from the collection of Morton G. Neumann, perhaps the best of 20th century art, and has been on loan for many years at the National Gallery of Art in Washington. It should do well.

Fortunately Sotheby's has not been required to give vendors guaranteed sums for either the Neumann or Reader's Digest collections. However, there are many more works for sale in this group of auctions than in the recent past, and, in such a glut, demand for second-rate Renoirs, Pissaros and Monets could just wither away. Expect some exceptional prices for the masterpieces, but more lots unsold.

The lack of interest in the mundane is a problem for Christie's, which has just agreed to dispose of the 500 works acquired by the Lake Credit Company of Japan as collateral for loans during the speculative property boom of the late 1980s. Lake needs to sell these paintings, valued at about £200m, to pay off debts, but some are of questionable quality and worth a fraction of their cost. It will require all of Christie's ingenuity to get rid of them without undermining an already nervous market.

The key painting is Picasso's "Les Noçes de Pierrette", a 1905 Blue period work, which went for an astonishing $51.6m at the peak of the art boom in 1989. Today, it would be valued at nearer $25m and, like many of the paintings, will probably be sold privately.

Ill-advised buying by Japanese institutions drove prices up to unsustainable levels a decade ago. Now the market is less speculative, more broadly based, and genuine. The expectation is that a repetition of the 1990 slump can be avoided. The first Lake paintings will be surreptitiously paraded this month in New York, but the quality of the company they are keeping should see most of them home.

The main event at Sotheby's is the sale of 37 works sent by Reader's Digest, which, through the enthusiasm of Lila Acheson Wallace, wife of the founder of the magazine, built up one of the finest corporate art collections in the post-war period. With profits down, Reader's Digest is culling some of the best of its collection, which totals 8,000, and the return on the market of paintings by Modigliani, Monet, Renoir, Cézanne and Van Gogh, and more, should prove the best investment the magazine has ever made.

It is strange that more companies have not invested in art. Acquiring at the right time has many advantages: it decorates offices, it is philanthropic and earns praise, and usually ends up adding to the profits.

While a window of opportunity seems to exist in the market, other companies are disposing of their collections. On December 3 at Sotheby's in London, Hiscox, the fine art insurance company, is selling 35 works of British art bought in the last 20 years through the discernment of chairman Robert Hiscox.

Included is a Lucian Freud portrait of his friend and fellow artist Frank Auerbach. Bought 20 years ago for a few thousand pounds it now carries an estimate of up to £800,000. A late Ben Nicholson of 1965 of megalithic remains in Brittany could make £300,000 while one of Damien Hirst's medicine cabinets has an estimate of about £100,000, well below the £188,500 paid for another medicine chest in the summer.

The market does not quite know what to make of Hirst, perhaps understandably when the formaldehyde which holds many of his creations in place seems increasingly unpredictable. A cabinet of pickled fish made £85,000 last month – which seems generous given the poor state of the work. Prospective buyers get the chance to bid again at Christie's on December 8 when "The Lovers", four cabinets containing pieces of two dissected cows, comes under the hammer. Bids of up to £100,000 are expected.

It is being sold, along with 129 other artworks, by the UK's leading buyer of contemporary art, Charles Saatchi. The money raised – over £1m – will fund scholarships for young artists, but some of the artists whose work is to be sold, who range through Hirst, Whiteread, the Chapman Brothers, Jenny Saville, Marc Quinn, and over 90 more, might wonder if it is not too soon to face such public exposure.

In the past, dealers nurtured and protected young artists. Now the auction houses, wholesalers turned retailers, are starting to set price levels, and some artists might find their careers stalled. But for Charles Saatchi, it is a chance to get a true evaluation of his vast holdings.

London is now forced to play second fiddle to New York in important 19th and 20th century art, but Christie's is managing a good sale on November 28, with one of only two versions of Brancusi's bronze egg-shaped sculpture, "The Beginning of the World", which is expected to sell for up to £1.8m. It has been out of sight for 70 years. Also in the auction are works by Picasso, Monet and Bonnard, each of which is expected to make upwards of £1m.

If the market survives its November quality test it will be good news for the Boulay 300, a new monthly publication which evaluates 300 of the most interesting lots to appear at auction anywhere in the world over the forthcoming month.

Characteristically Renoir: will 'Jeune Fille blonde' make £500,000-plus at Christie's in London this month?

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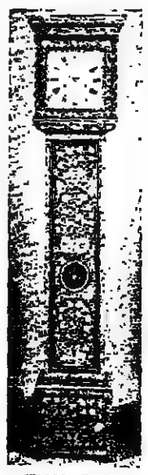

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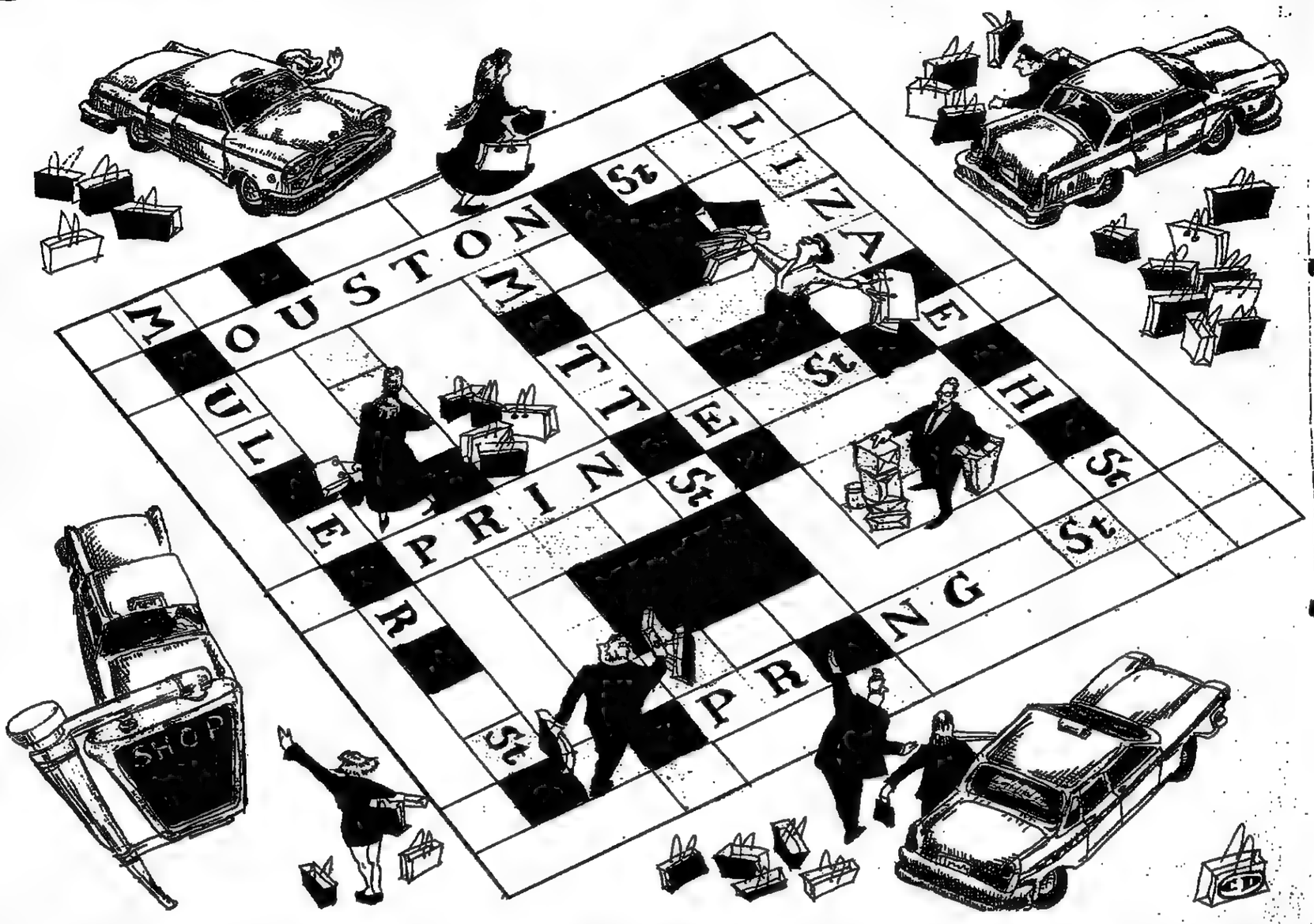
How to Spend It

Going boldly where no one went before

Once a decrepit area of New York, Nolita (North of Little Italy) has become a hot retailing spot. Vanessa Friedman goes exploring



As the fashion pack gathered in New York for the second half of next spring's catwalk shows, much remained unknown. Would colour still be omnipresent? Would hems continue their negligible rise? Would anyone be able to get a table at the Mercer? But one thing was for sure – between shows and schmoozing, those in search of the Next Big Thing were heading downtown, as fast as their stiletto-shod feet could carry them, to a quadrilateral chunk of the city otherwise known as Nolita.

Nolita (North of Little Italy) was formerly a decrepit and dirty no-man's land sandwiched between SoHo and the lower east side. It has now become the shopping mecca of the moment, thanks to a group of young retailers who dared to go boldly where no shop-owners had gone before.

These urban pioneers took barren sidewalks and wrought retail magic: the ancient streets are now filled with chic, eclectic boutiques offering everything from housewares to high fashion to vintage finds – and often all in the same shop.

Indeed, if there is anything which characterises this group of merchandisers, it is a sense of individuality and idiosyncrasy; the Nolita store-owners are driven more by the dream of sharing their taste than the desire to ride the crest of a trend. They work alone, and they sell the stuff they like. The result is a smorgasbord of style that blends hippy chic with austere luxury.

If you're visiting the city and want to bring back something that is uniquely New York, but still looks as good in the damp London air (or the hazy Paris light or the sand-and-sun of Los Angeles) as it does in its original setting, this is the place to go.

Start at the south-east corner, where Elizabeth meets Spring, at Shi, one of the original settlers on the grid. A cool white haven of a store, Shi offers such delectable housewares as pastel-coloured paper lanterns, silver-glazed porcelain dinner plates, and a variety of ceramics by local artists selected by owner and buyer Laurie McLendon.

For inventive glassware, there is Orio Trio just across the street, full of 20th century vintage goblets, china mugs and aluminium storage containers, and Michael Anchin Glass, next door, which offers a rainbow of hand-blown vases, tumblers, lampshades and perfume bottles, all creations of the owner (who lives above the shop) available in hundreds of colours and fluid shapes.

Meanwhile, a few steps down the street is Phare, three months old and already a beacon of style for men and women, both literally (*phare* is French for lighthouse) and metaphorically.

The brainchild of Jane Mayle, daughter of writer Peter Mayle, ex-model, co-designer/owner, and presiding spirit of the store, it is a small boutique offering a lovingly displayed selection of beautifully trimmed and dyed camisoles, cardigans, button-down dresses, and easy, tailored pants. Sprinkled among the new designs are vintage pieces which inspired them, also for sale. "I will dye and trim a camisole to match an old skirt," explains Mayle. "What interests me is the mix." You could liken it to Voyage in London, but without the pretentious attitude or price tag.

A quick left on to Houston Street and then left again on to Mott brings you to Calypso, and a complete change of climate; stepping into this shop is like taking a quick jaunt to the Caribbean. A riot of colour and ease, thanks to Dosa and Miguelina slip dresses and separates, Jamin Pusch plaid plastic slides, and sequinned bags à la Fendi, the shop also sells this season's must-have Mexican woven carry-alls, as well as fairy-tale hand-bags by Tout le Monde made, of all things, out of crocheted plastic.

The total effect is like sipping a sartorial sangria. "I wanted to create a store where a customer could come in and leave with all her needs satisfied," says owner Christiane Celle – herself, in the tradition of the area, a French transplant.

Farther south on Mott, behind a floor-to-ceiling plate glass window fronting on to St Patrick's Old Cathedral, the 19th century church which anchors the area, is the flagship shop of shoe mavens Sigerson Morrison.

There you can buy their signature sandals, lace-ups and stilettos in a dazzling array of colours and styles, including the hot shape for autumn, the high-heeled Mary Jane, a flat, almost Asian sandal with a slip of black suede strap criss-crossing the bridge of the foot; and a special "Barbie" mule, available in hologrammed gold and silver suede.

> These urban pioneers took barren sidewalks and wrought retail magic

A right on to Spring and then a right again brings you to Mulberry Street, and Language, the largest of the neighbourhood's emporia, and a brick-walled, concrete-floored space offering an eclectic mix of fashion (in the front), furniture (in the middle), and art (in the rear).

Run by the Brazilian husband and wife team of Lipe Medeiros and Ana Abdul, it is a store that says as much about lifestyle as retail. Pick up a Jerome L'Huillier slip and a pashmina shawl or a Robert Isabell scented candle, a Colette Malouf hairpiece or a hand-made Mexican beaded bracelet – or even, for those whose travel plans allow for some heavier lifting, a stainless-steel and ultrasuede armchair or a luxury-meets-utility steel bed frame (both designed by Lipe).

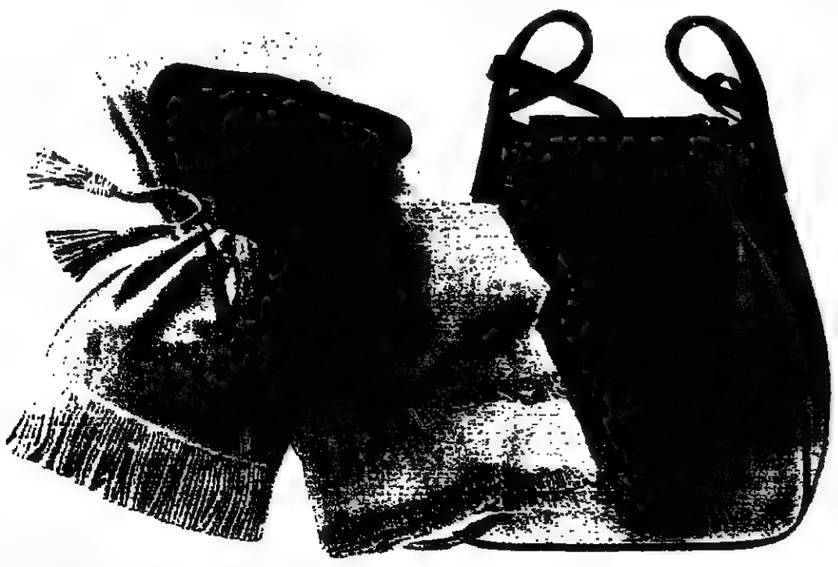
Farther down the street is the store of Texas designer Tracy Feith, whose pretty slip dresses, silk pants, and skirts have become favourites with the fashion editor set. Originally discovered and sold at Calypso, Feith's work was in such demand that Celle decided to open another shop dedicated to his fashions. Hottest item for summer: the "Raj slips", sari-print dresses that are as elegant as they are original.

Next to Feith is another Celle emporium, the more casual Jade, which offers eastern-inspired silky dresses by Monah Li, and funky, rainbow-coloured separates by Coup de Pied, as well as candles, picture frames, and assorted other decorative objects imported from China.

Finally, double back on to Prince Street, and finish your tour at No 7, aka Scarlet and Sage, a soothing gem of a boutique filled with clothes (pale neutral linen and silk pyjama-style pants and shirts; mandarin-collared silk jackets that slide over trousers), objects (Turkish lanterns, gold-and-silver-embroidered bedspreads), and furniture (chaise lounges; low carved wooden coffee tables), designed and culled by owner Mona Awain and displayed like lotus blossoms in a Chinese garden.

Indeed, the whole store has a Zen-like atmosphere, augmented by a pebble garden cut into the concrete floor, as well as a similarly structured "pond" which houses the head of a stone Buddha. Even in the hustle and hue of New York, the message is hard to dispute: retail Nirvana can still be found.

■ *Shi, 233 Elizabeth Street (212-334 4330); Orio Trio, 248 Elizabeth Street (212-219 1554); Michael Anchin Glass, 250 Elizabeth Street (212-925 1470); Phare, 252 Elizabeth Street (212-625 0406); Calypso, 280 Mott Street (212-965 0990); Sigerson Morrison, 242 Mott Street (212-219 3893); Language, 288 Mulberry Street (212-431 5566); Tracy Feith, 209 Mulberry Street (212-334 3097); Jade, 280 Mulberry Street (212-925 6544); Scarlet and Sage, 7 Prince Street (212-219 1290).*



Eminently desirable products from Holland & Holland

French dressing

Lucia van der Post on an update for a very English name

Quietly, quietly many of Britain's big brands are being given some expert intensive care. Burberry is being tended by Rose Marie Bravo, Dunhill is about to get a new supremo, Daks is polishing up its act and Holland & Holland has been receiving the ministrations of Alain Drach.

Though part of the Chanel group since 1990, Holland & Holland is one of the oldest and most distinguished British brands. Known throughout the world, along with its great rival James Purdey & Sons, for the quality of its gun-making, it has been locked into that classic dilemma of the luxury brand – how to expand its horizons without losing sight of its "core values".

Drach is the Frenchman put in by Chanel to mastermind its expansion plan and a fine job he seems to be making of it, judging by some of the new products just arriving in its shops. All these products stem from the company's roots in shooting and in country life.

Some of Drach's strategy will not be immediately apparent to the consumer – it has been about doing up the workshops and the factory and making sure that the "core product", the guns, are as finely made and as technically perfect as they ever have been. But from there he has branched out – first with small shops in Paris and New York; then he started to work on expanding the range of products.

As you can see from the small selection shown here, they all relate in some way to shooting and the country way of life – none of them has a hint of the slick, metropolitan aesthetic which some of its stable-mates do so well. The designers at Holland & Holland have done what Ralph Lauren, in a different way, did so well before them – they have taken a complete world, the world of country houses and country walks, of guns and birds and green fields, and imagined the products that those who inhabit this world might like to use.

They have devised soft cashmere shawls, pouchy suede bags with tassels and fringeing, purses made from pheasant fathers, velvet slippers for sitting round log fires, cufflinks made from horn, wallets and writing cases in bridle leather – one can almost smell chestnuts and autumn mist. All eminently desirable, all with a personality of their own.

■ *Photographed here is just some of the range. Near left: stone suede drawstring bag with tassels, £125. Far left: pouchy stone suede shoulder bag with drawstring tassel, £185, and pheasant feather brooch, £15. Centre: fern green cashmere shawl with silk embroidery, £695; plum velvet slippers, £185.*

■ *All available from Holland & Holland, 31-33 Bruton Street, London W1.*

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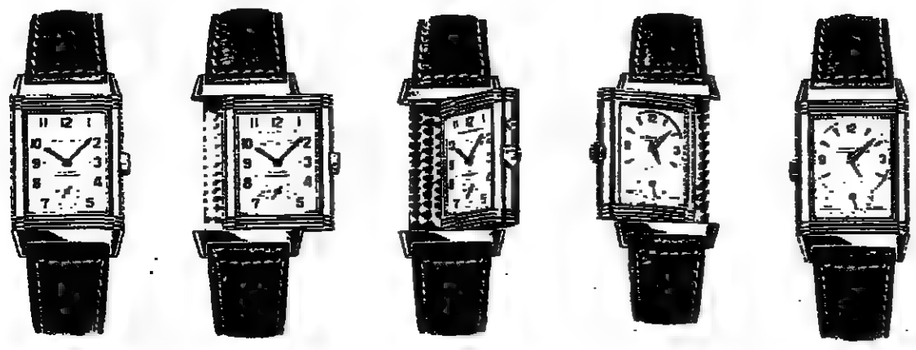

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How to Spend It

Seriously shabby, or new – leather's just lovely

Seek out some hide for the latest interiors, says Lucia van der Post

We still have the second sofa we ever bought (we will pass lightly over the first – a "moderne" affair with which I never really bonded) and, if only the leather webbing straps could be repaired, it would be as perfectly in tune with today's aesthetics as it was when we bought it in the late 1960s. Designed by Rodney Kinsman for OMK, it is a design classic and one of its clones (I hope with more resilient straps) resides imposingly in the Victoria & Albert Museum.

I am glad we didn't lose it in one of our house moves because its rounded curving chrome frame and its slightly shabby square leather cushions mean that we are right up with the very latest happenings in interior design. Leather, you see, is the interior design world's next Big Thing and shabby is much to be desired.

Those who are always ahead of the next Big Thing have been quietly infiltrating leather into their minimalist interiors for quite some time. In the very chicest (and well-heeled) circles it has arrived in the form of seriously shabby antique club chairs – this, you understand, takes years to achieve and cannot be bought cheaply; very smart second-hand furniture from before the war (most desirable, in my view, being Kem Webber's 1930s armchair with its curving triple-banded chromium-plated steel and wood armrests and black leather upholstery); and more up-to-date second-hand classics such as Eames, Le Corbusier or Bertoia leather chairs and sofas.

Leather-covered Bonaparte bed in distressed cowhide, £3,995 for queen-size, £4,750 for king-size (mattress not included). It will be available to view and order in about three weeks (tel: 0171-731 3593 for stockists)

Prices have been rising as fast as the renewed interest in them from interior designers.

For those who have neither the taste nor the temperament for the second-hand, there are many new sources of leather furniture. Many of these designs have the advantage, for those of an avant-garde turn of mind, of being utterly of today. Sleekest, sharpest, most stunningly contemporary – and most expensive – is Ralph Lauren's Modernist chair at £4,000 a time. Ever the magician at knowing how to capture an image in an object, there is something exquisitely millennial about the steel grey leather. It comes with a whiff of the penthouse and you can almost sense the skyscraper lights playing on the vast plate-glass windows. Serious leather fans might contemplate his Bond Street bed in caramel leather at about £6,000.

But there are other leather options at more accessible prices. Andrew Martin, whose shop at 200 Walton Street has a slightly oriental take on modernism, has what it calls a Montague chair in antiqued hide for £2,725. Less of a statement, easier to slip into almost any kind of existing interior, it is modern, yet comfortable and entirely unaggressive.

Françoise de Pfeiffer, the interior designer behind the charming interior decorating shop, Interiors bis at 80 Sloane Avenue, London SW3, senses that leather is coming into the interior in a big way and not always in conventional places. Part of the reason, she feels, is the longing many people feel for something soft, sensuous and luxurious to relieve the endless reams of cream and white or minimalist interiors. New leathers are on the market which are easier to care for – but take my advice, don't care for it too well. Shabby, remember, is infinitely to be desired.

Françoise de Pfeiffer has an extraordinary chest of drawers finished in leather which is sumptuously elegant – though, needless to say this elegance comes at a price (£2,400 to be exact). Experimental types might like to consider some amazing curtains made from stripes of suede alternating with linen which look quite extraordinarily innovative and interesting – at £1,500 and £2,000 a pair (depending on width and length) they are not cheap but I guess that's the price of being first.

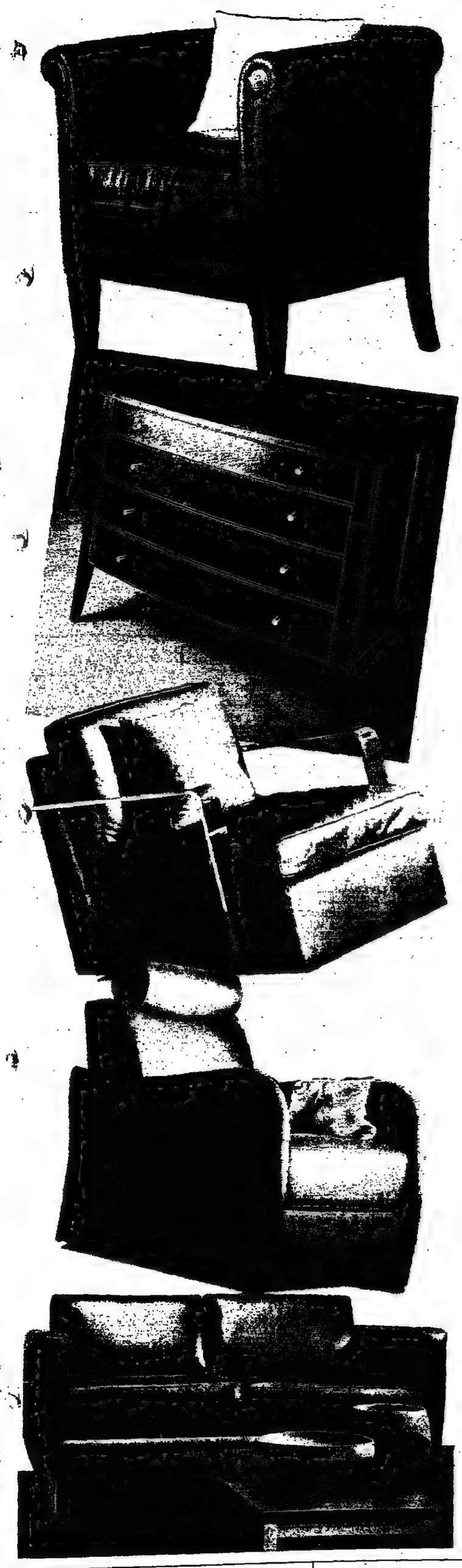
In more conventional mode, she has designed a low square coffee table with a top made of leather squares; more timid types who just want to test the water could buy a cushion or two, in suede or leather.

For some really interesting pieces by a Thai designer, Prutipong Kijkanjanu, take a look at Gill Wilson furniture, 151 Dawes Road, London SW6 – she has a steel and leather-covered chaise longue for £1,175 and matching chair for £862. Both were designed in 1989 but look eminently clean and modern. Porky, a fashionably dumpy chair with curving arms and sides, though mostly sold covered in PVC, can be covered in leather.

Finally, the look has already appeared in some more accessible quarters – Laura Ashley has a marvellous club leather chair for £695, and a leather-covered old-fashioned wing chair, the Denbigh, sells for £785. As you would expect, it has a gentle, slightly more countryish feel.

And don't forget Habitat – an admirably sleek and modern three-seat sofa in black with a chrome frame is £1,499, with a matching chair at £799.

■ *For second-hand 20th century designs try Twentieth Century Design, 274 Upper Street, London N1, or Century Design, 68 Marylebone High Street, London W1. Aram Designs, 3 Kean Street, London WC2. Aero, 96 Westbourne Grove, London W2, and Haus, 23-25 Mortimer Street, London W1 all sell contemporary versions of some of the great 20th century classics.*



At last month's Decorex, the interior decorating world's trade fair, leather was everywhere – in grand sofas, squashy chairs, and small cushions as well as finely wrought doorknobs and curtain poles. Shown left are a few of the options.

From top:
- ☐ Laura Ashley's leather club chair, £695, either from Laura Ashley shops or by mail (tel: 0990-622116).
- ☐ Four-drawer chest of drawers with leather top, sides and drawer fronts, £2,400, from Interiors bis, 60 Sloane Avenue, London SW3.
- ☐ Ralph Lauren's sleek grey Modernist chair, £4,000, from the Ralph Lauren shop at Harrods and from Sterling Furniture, Tillicoultry, Scotland.
- ☐ Ligne Rosset Petite Sieste reclining chair comes in many colours, from £1,100 for a manual recliner, more for mechanical. Available from many furniture stores around the UK, including Harrods and Heals or tel: 01494-865001 for other stockists.
- ☐ Portia leather sofa in black, comes in three sizes, large (as here) £1,499, medium, £1,299, and small, £799. From Habitat branches and by mail order (tel: 0645-334433).

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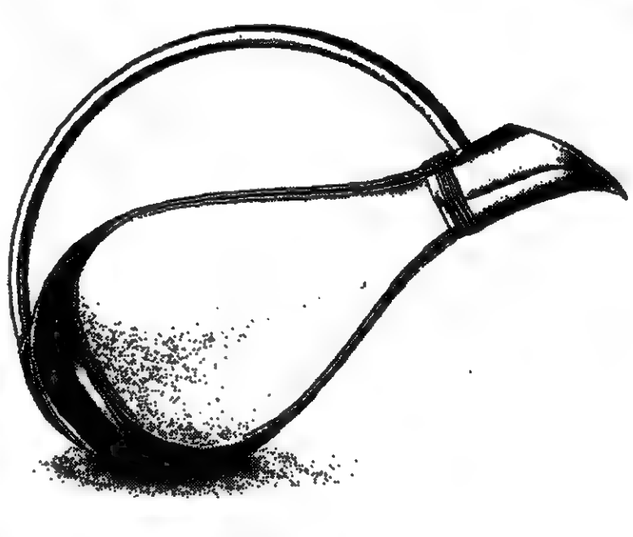

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MOTORING

For comfort, safety, driving dynamics, passenger space and silence, the S-class has no equal

Road Test

A truly miraculous Merc

Stuart Marshall drives the latest top-range Mercedes S-class and runs out of superlatives

If the worst you can say about a car is that you become aware of a small amount of wind noise when its speed tops 125mph (200kph), it has to be considered well nigh perfect. Which is why the new Mercedes-Benz S-class is currently the best large saloon car in the world.

No, this is not a claim by the advertising department; it's my own considered opinion. You can pay much more for a car of its size and performance but for a combination of all the factors that matter – comfort, safety, driving dynamics, passenger space and silence, the S-class has no equal.

When Mercedes-Benz launched the last S-class eight years ago, its technical virtues were acknowledged but critics said it looked too bulky for its own good. Even so, more than 400,000, plus another 25,000 two-door derivatives, were sold, giving the S-class a 42 per cent share of its market segment. For the new car, Mercedes has greater ambitions and could make up to 90,000 a year if demand warrants. It probably will.

Outwardly, it is slightly smaller than the old S-type though there is a little extra room inside. Gone is the rather slab-sided, pocket battleship silhouette, replaced by something sleeker and more elegant. This, plus attention to styling detail, has reduced the apparent size so successfully that when I first saw one in the flesh, I wondered momentarily if it was an E-class, not an S-class.

It is also lighter. Using high-strength steel, aluminium and plastics and replacing double-glazed windows with single laminated glass has cut the weight. The 6-cylinder S 320, for example, has lost 340kg (750lb). Together with better aerodynamics, this has improved fuel economy significantly: the S 320 is not in the least gas-guzzling, with an official average consumption of 24.5mpg (11.5l/100km).

The new S-class is crammed with electronic driver-assistance systems, including, for the first time in a volume-produced car, an intelligent cruise control. This uses radar to keep the car at a safe distance from the car in front. If the traffic stream slows, the system adjusts the speed of the S-class accordingly. (It worked well on crowded autobahns and normal roads alike.)

Automatic climate control takes account of the number of passengers as well as the ambient temperature. The seats have fan-ventilated upholstery and air chambers that move subtly to relax spine and back muscles.

There are front, side and window-covering airbags to protect driver and passengers from head-on and lateral impacts. A digital navigation system (even I managed to work it with a little expert tuition) guides by voice and full-colour moving map. If it learns of traffic hold-ups, it computes a new disruption-free route.

The pampered driver of a new S-class does not even need an ignition key if he specifies an optional extra chip card. With this in his shirt or jacket pocket, all he has to do is touch a door handle to open the car and then a button on the transmission selector to start the engine.

If a static inspection of the new S-class was impressive, a test drive on a variety of Swiss and German roads was almost overwhelming. I tried two versions; first an S 320, with a 3.2-litre, 224-horsepower V6 and then an S 500, with a 5.0-litre, 306-horsepower V8. There is also a 4.3-litre, 279-horsepower V8-engined S 430. Two turbo-diesels, a V6 and a V8, will be added to the range later.

A 5-speed automatic transmission is standard on all new S-cars. Unusually, there are no separate positions on the selector for lower gears. You put the lever in "D" and leave the transmission to pick the right gear or select it yourself by nudging the selector lever sideways.

The last S-class had an excellent ride, because of good suspension design aided by its substantial weight. Although the new car is lighter, its ride is so much better it verges on the miraculous.

Instead of steel springs, it has pneumatic suspension units and dampers adapting instantly under electronic control to changing road conditions and driving techniques. Touch a button on the fascia and the ground clearance is increased for driving on very rough roads. Exceed 87mph on an autobahn and the car lowers itself automatically by 15mm to reduce aerodynamic drag. Slow to 43mph and the ride height reverts to normal.

Aside from these parlour tricks, it is the sheer urbanity of the S-class's ride – and the precision of its handling – that sets it apart from other large saloon cars. On mountain roads, full of tight curves and sharp gradients, it was so nimble it seemed to shrink and become a small and sporting car.

Exploiting the absence of an official speed limit, I gave the S 500 its head on the autobahn. With a barely detectable change of engine note it shifted into top gear at about 100mph and accelerated steadily to 146mph, with another 10mph to go before an electronic ignition cut-out would have operated. (European carmakers have an informal agreement to limit their most powerful models to 156mph.)

Many buyers of the new S-cars will do their motoring in the back seat, which offers enough legroom to suit people who habitually fly first-class. They will not know what a driving experience they are missing.

With an almost infinite range of power-operated adjustment to the seat and steering wheel, a perfect driving position is easy to achieve. The steering wheel is much smaller than S-class drivers have been used to and the rack-and-pinion steering (another innovation for the flagship cars of Mercedes-Benz) is as accurate and responsive as it is effortless.

Following a trend set by Lexus and Cadillac, Mercedes has adopted instruments with back-lit white figures on a black background that seems to fade into invisibility. Even in bright sunshine, they can be taken in at a glance, which is more than can be said of many of today's cars with deeply recessed dials.

The new S-class reaches Britain early next year. Prices have not been fixed nor specifications finalised but a £55,000-£85,000 range seems likely. No amount of money would buy a better, safer car.

A care package that matches the car

With the launch of the new S-class, Mercedes-Benz has also introduced Mobilo-life, a customer care package which is as exceptional as the car itself.

Mobilo-life applies to every new Mercedes-Benz car registered after October 24, not just the new S-class, in 23 European countries.

It provides a 30-year warranty against corrosion and covers breakdowns and starting problems for the same length of time.

For the first four years, there are no restrictions. After that, the car is covered only if it has been regularly serviced at an authorised Mercedes-Benz dealership.

The last service must have been within two years of any call for assistance.

"The quality of our entire model line-up allows us to take this unique step toward a new dimension of customer care," Dieter Zetsche, head of sales, explained.

S.M.

Jag's faces for the future

Jaguar's design chief Geoff Lawson talks to **Haig Simonian**

Unusually for a designer at a luxury brand, Geoff Lawson, Jaguar's head of styling, delights in being a maverick. At Mercedes-Benz or BMW, the company image is so strong that even the most colourful designers can be dulled. Lawson, by contrast, seems a loose cannon – in more ways than one.

"I love guns. I have about 80 at home and most of them work. I used to do a lot of clay-pigeon shooting until a couple of years ago," he explains.

Having had the S-type in his sights for years before its unveiling at last month's British International Motor Show, Lawson, who spent 15 years at General Motors' Vauxhall subsidiary before joining Jaguar, is now taking aim at the next big challenge – the X400 "Baby Jag" due in 2001.

The S-type, a mid-sized executive challenger to BMW's 5 series, harks back to Jaguar's stylish Mark 2 of the 1960s – a model revitalised for many by Inspector Morse of British TV fame and by various specialist replica models.

But with the S-type out of the way, Lawson cannot put his feet up. Many of the 1,400 engineers and designers at Jaguar's Whitley product development centre near Coventry are already well into the design process for the X400.

Both cars represent uncharted territory for Jaguar. The S-type's designers had something to go on in the form of the Mark 2. The result is an extremely handsome car, instantly recognisable as a Jaguar, yet totally contemporary.

Considering the conservative nature of the executive car market, was there no temptation – or pressure from Detroit – to mimic the Germans and go for a family look linking the S-type to the existing XJ saloon and XK8 sports car?

Lawson said various designs were shown to hand-picked customers in styling "clinics". In the end, the designers' own preference for a distinctive-looking car full of cues from the Mark 2 won out.

Does that make Jaguar yet another carmaker going "retro", I venture? He winces at the word. "It's not as crude as that. To me, the heritage is all-important. You're trying to capture the ethos and essence of the past with every new model."

While the S-type seems to have met the challenge of marrying old and new, the Baby Jag poses a dilemma for Lawson and his team. It will take the company to new output levels. The S-type is already a risk: Jaguar expects to sell 40,000 next year, pushing group sales to about 80,000. But the smaller, cheaper X400 should sell more than 100,000 a year on its own.

The Baby Jag's looks will have to be exquisitely judged if it is to achieve such ambitious targets. Unlike the S-type, where Lawson and his team could refer back to traditional styling cues on previous mid-sized saloons, the X400 represents entirely new territory.

The focus will be on the frontal styling. Lawson stresses the importance of each model's "face". So far, he has come up with three distinctive treatments.

He gave the XJ40's 1994 face-lift its distinctive sculptured style, recalling the original XJ6 saloon of 1968. Coupled with long-overdue improvements in quality and reliability introduced by Ford, that car marked the start of Jaguar's comeback.

Two years later, Lawson evoked the E-type of the 1960s in the XK8. The new coupé and convertible have been warmly received, especially for their aggressive frontal styling.

Lawson is as adamant about the need for a third, distinctive "face" for the S-type. "There was a Jaguar heritage. We would have been idiots not to use it," he says.

Geoff Lawson: preserving heritage is all-important

What he omits to say is that stamping a clear brand identity on to the S-type by linking it visually with a classic Jaguar was important commercially as well as aesthetically. The S-type is Jaguar's first car to share its platform (basic engineering structure) with a Ford. The S-type shares its platform with the new LS6 and LS8 saloons developed by Ford's upmarket Lincoln brand in the US.

The need to stress brand identity will be even stronger with the Baby Jag. The new car is expected to share its platform with Ford's next-generation Mondeo, a fine, but hardly exciting, car. If the design is not distinctive enough, Jaguar will be accused of failing to defend its identity. Not only reputations, but sales, will suffer.

Does that mean Lawson will risk developing a "fourth face" for the Baby Jag, or prefer the German option of a more family look. Lawson acknowledges the risks: "That one's tough. We're working on it."

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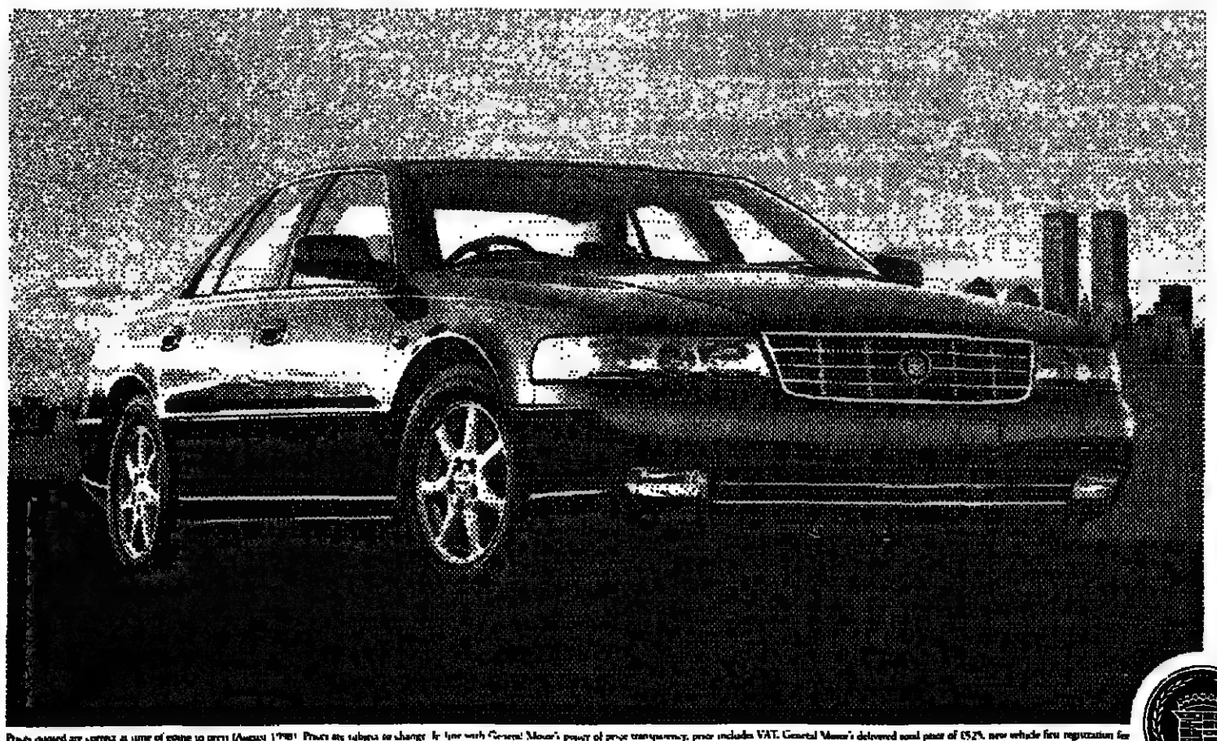

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The battle to bake better bagels for British bellies

Michael Carlson looks at how demand for the 'real' thing is rising

First hamburger chains, then pizza parlours. Now, with Seattle-style coffee houses sprouting on the UK high streets, the American bagel is taking another bite at becoming the next food trend to hit British consumers in the belly.

At least that is the hope of Kris Engle, whose fast-growing chain of Great American Bagel Factory shops is trying to seduce London's palates with a taste of the real thing.

"Fifteen per cent of the English have tasted bagels, but what they've tasted has usually been bad," says Engle. "It's usually nothing more than a sweet bread roll with a hole in the middle and a bit of a crust."

Long-suffering bagel addicts can confirm Engle's analysis. British bagels, like domestic versions of croissants, baguettes or muffins, reflect a baking style both soft and sweet. Bagels should be challengingly chewy, and never sweet. London's famed Brick Lane bakery boasts of serving them warm.

In New York, you don't *touch* a bagel until the dough has cooled. Think of trying to slice a loaf of bread just out of the oven and you will understand why.

London's Ridley Road bakery will actually reheat a bagel in a microwave, returning it to the consistency of unbaked dough. Grocery stores offer pallid versions, more authentic in their packaging, emblazoned with Stars and Stripes or the Statue of Liberty, than their taste.

Engle, who hails from Ann Arbor, Michigan, came to Britain 11 years ago working in the travel business. While living in San Francisco she had watched the bagel craze explode in the US, and developed a conviction about its benefits.

"I was convinced we could win a British audience if we gave them the right bagels," she explains. "One of my partners is Ronnie Simpson, who helped found Pizza Express. We sent Ronnie across America, to try the real thing. When he came back, he was sold."

Even in the US, bagels used to be an esoteric treat. You did not have to be Jewish, but if you ate bagels regularly, you probably knew the correct pronunciation of chutzpah, lived on the east coast, and liked Woody Allen more than Bob Hope. Then America discovered fitness.

"Doughnuts were for Homer Simpson," says Andy Jacobs, of Chicago's Jacobs Bros Bagels. "Bagels are basically fat-free and, when made properly, from high-protein flour, and just a little malt syrup, no added glucose, it's a healthy single serving of bread.

"When they're made properly you really have to work to chew them. What could be better for keeping fit?"

Jacobs Bros is so well regarded in the Windy City that it catered for football's World Cup in 1994, introducing bagels to commentators from all over the world.

> St Viateur bakery in Montreal still boils its bagels first, then bakes them in wood ovens

The brothers went to Chicago from New Haven, Connecticut, once a thriving satellite city for New York with its own tradition of bagel baking. They chose Chicago because they liked the city, but also because there was a bagel void in the country's midwest.

"Kraft Foods bought Lenders, an east coast bakery who packaged frozen bagels... it's like processed cheese compared to real cheese. That was as close as most midwesterners ever got to a bagel," says Jacobs. Interestingly, Lenders is marketing frozen bagels in Britain, with a big advertising campaign. As Jacobs points out, the bagel boom has brought its own compromises.

"As quickly as bagels replaced doughnuts," he laughs, "customers started asking for bagels flavoured like the doughnuts they'd given up."

Purists insist bagels are a savoury food, but now most American producers offer versions filled with cinnamon, raisin, blueberry and worse.

"In America, more is always better," says Montreal bagel connoisseur Abe Susnawicz. "Not only do they add raisins, but they make them the diameter of a small pizza."

He laughs: "Pile up lox [smoked salmon] and cream cheese, and now instead of health food you've got heart attacks. Seriously, size itself is an enemy to good bagels. The bigger they are, the harder it is to cook them through."

Susnawicz swears by Montreal's St Viateur bakery. In the heart of the area immortalised by Mordecai Richler's novels, and called "Saint Vee-eighter" by Anglophones, the bakery still boils its bagels first, then bakes them in wood ovens.

"They spoil you for the rest of the world," he says.

The question of whether to boil was one that perplexed Kris Engle when she started to study bagel making. It is not surprising she made her pilgrimage to Manhattan: what is surprising is that it was Manhattan, Kansas, home of the American Institute of Baking.

"To boil or to bake in one step in modern steam ovens is the great schism in bagel making," says Engle. "But if you're good at it, and you start with flour with a high enough protein content, steam ovens can produce much the same product."

Strangely enough, the ovens are made in Italy and the machines which shape the bagels are imported from Sweden, making Engle's Great American Bagels an authentically European Union experience.

Although her menu includes the doughnut flavours, and the intensely foodie sundried tomato one bagel, the basic plain, poppy, sesame and onion are all satisfyingly strong. The week I visited, the "special" was vegetable, a savoury specialty of Jacobs Bros as well. Business at the American Bagel Factory is so good it has set up its own bakery under London Bridge, and is servicing seven locations, plus Harvey Nichols and the DKNY Cafe.

"We get regulars now, and we're busy on weekends when people stock up for their homes," says Engle, who believes she is winning the battle for British taste buds. "But my biggest thrill has been two separate times when tourists from San Francisco told me my bagels reminded them of Noahs, my all-time favourite bagels."

She glows with messianic fervour. "All the hard work felt worthwhile then."

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The black sheep of the wine world

Giles MacDonogh likes the Carignan grape. So why is it still regarded as a pariah?

Un mouton a cinq pattes, or a "five-footed sheep" was how one local grower dismissed the notion of a great wine from the Carignan grape; a thing so rare that you could be excused for believing it did not exist.

Even when he was prodded with a few examples, such as Fernand Vacquer's wines, which have always been among the most sought after in the *département*; or Ferrer-Ribière, making a name for themselves in Britain with a wine made from 130-year-old, pre-phylloxera Carignan vines, he still would not hear any good said of the grape. He wanted the right to plant easily saleable Cabernet Sauvignon and Chardonnay, and that was it.

That was over the boundary in the Pyrenées-Orientales. The same attitude haunts the Corbières in the neighbouring Aude: most growers would rather something other than Carignan, which they blame for the low price and modest reputation of their wines. It is a view sharpened by the fact that many of the estates are owned by strangers to the region: Bordelais, Burgundians, Belgians, even British.

The Aude's nobler ampelographical past is now largely lost. In the old days, the region was planted with grapes such as black Terret and Piquepoul Noir. It seems that Carignan made its entry from Spain in the middle of the 18th century along with Grenache Noir, for which it forms an ideal stablemate, lending it deep colour and useful, anti-oxidant acidity.

Carignan earned its bad name during the industrial revolution in the last century. Now that communications had been made easier by the railway, enterprising local patricians turned the flat lands over to producing coarse, alcoholic wines for France's northern proletariat. To the blend of Carignan and Grenache were added the hybrid Aramon and the black, staining Alicante bouchet. The new wine was dark and powerful, but had little to do with tradition – viticultural, cultural or gastronomical – it was about making fortunes for local magnates.

The world has changed – a bit – since then. The grapes which made plonk on the flat lands have now been grafted over to Cabernet and Chardonnay to the delight of British supermarket buyers. The land was never good for much anyway. Up in the rocky Corbières, the situation is very different: the potential for good, if not great, wine is uncontested and Carignan still accounts for 55 per cent of the grapes, a figure to some extent dictated by the local *appellation contrôlée* or AOC. By law lumped with an unfashionable variety, they are still struggling to come to terms with Carignan.

> We were impressed by consistent vintages from Château La Baronne

This strikes me as strange. A generation ago the south found a winning formula, which was eventually recognised by almost all the local AOCs: they decided to improve the grape-stock with *cépages améliorateurs* or "improving varieties": these were the Rhône grape Syrah and the Spanish Mourvèdre. Aramon and Alicante Bouschet could go, Carignan and Grenache would remain as the mainstay of a dark, spicy, southern cocktail.

In many parts of the Languedoc, in the Pic Saint Loup and elsewhere on the steep *coteaux*, in the Corbières and Minervois, the results were an eye-opener: the south had discovered its potential for great wine.

The wine based on Carignan or Grenache was a *vin d'assemblage*, which gave it a complexity hard to achieve with just one cultivar. By sticking to Mediterranean grape varieties, the laws ensured flavours which complemented local culture and gastronomy. In spite of the vast success of the new wines of the Languedoc-Roussillon, however, there are still a few doubting Thomases, as a debate held this summer in Corbières afforded ample proof.

We had tasted a range of wines made from a majority of Carignan, from the 1997 to the 1976 vintage. There had been some real plums. We were all impressed by a remarkably consistent series of vintages from the Château La Baronne, and only a little less by the Bois des Dames. The wine which seemed to triumph, however, was the 1986 Simone Descamps from Château Lastours, which had something of the figgy sweetness of a Californian Cabernet.

There was a general agreement that where the Carignan had appealed to tasters it has been produced from low-yielding, old vines from steep, hillside sites. The variety's apologists contested that it should be possible to get the same results from young vines, provided the yields were kept to a minimum. Philippe Mathias, who makes the wines as Château Pech-Latt, suggested that some vines be planted on an experimental basis. No one, it seems, has put down new Carignan vines since 1970.

This helpful suggestion was disputed by two other speakers. One believed that the sources for the best Carignan would almost certainly yield even better wine if they were planted with another variety, Syrah, for example. The other found the cultivar insufficiently persistent in its flavour and suggested the palate of Corbières wine be filled out with Cabernet and Merlot. The first speaker was a Burgundian, the second came from Bordeaux. Enough said.

■ *Information: The Ferrer-Ribière Carignan is available from merchants Yapp of Wiltshire at £5.75. Tel: 01747-860423. For Château La Baronne call 0171-262 5437 for stockists. The 1993 Simone Descamps from Château Lastours is available from Threshers at £5.99.*

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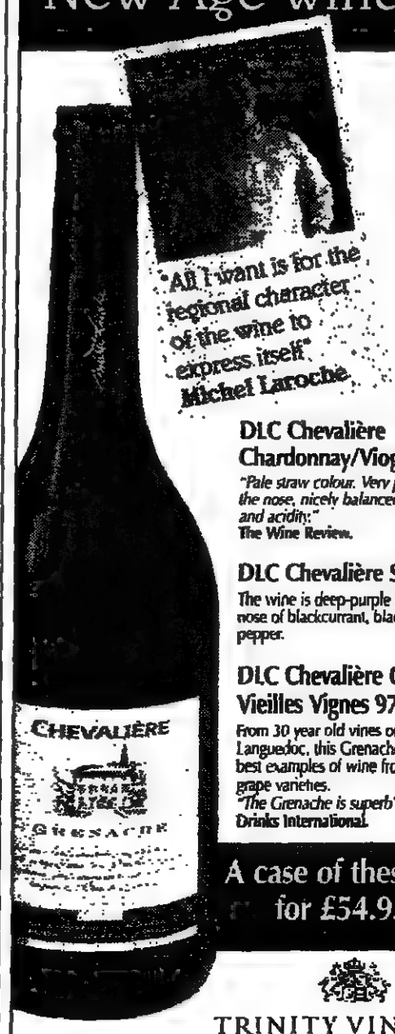
Drinks International



Michel Laroche, Master of Chablis winemaking, now focuses on New Age wine from the Languedoc.
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DLC Chevalière Chardonnay/Viognier 97
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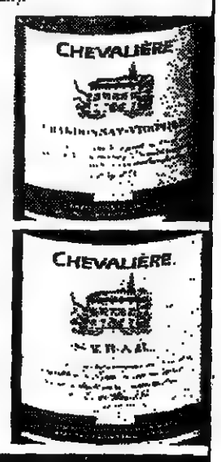
The Wine Review.

DLC Chevalière Syrah 97
The wine is deep-purple with an intense nose of blackcurrant, black cherries and pepper.

DLC Chevalière Grenache Vieilles Vignes 97
From 30 year old vines on the Languedoc, this Grenache is one of the best examples of wine from the Southern grape varieties.
"The Grenache is superb".
Drinks International.



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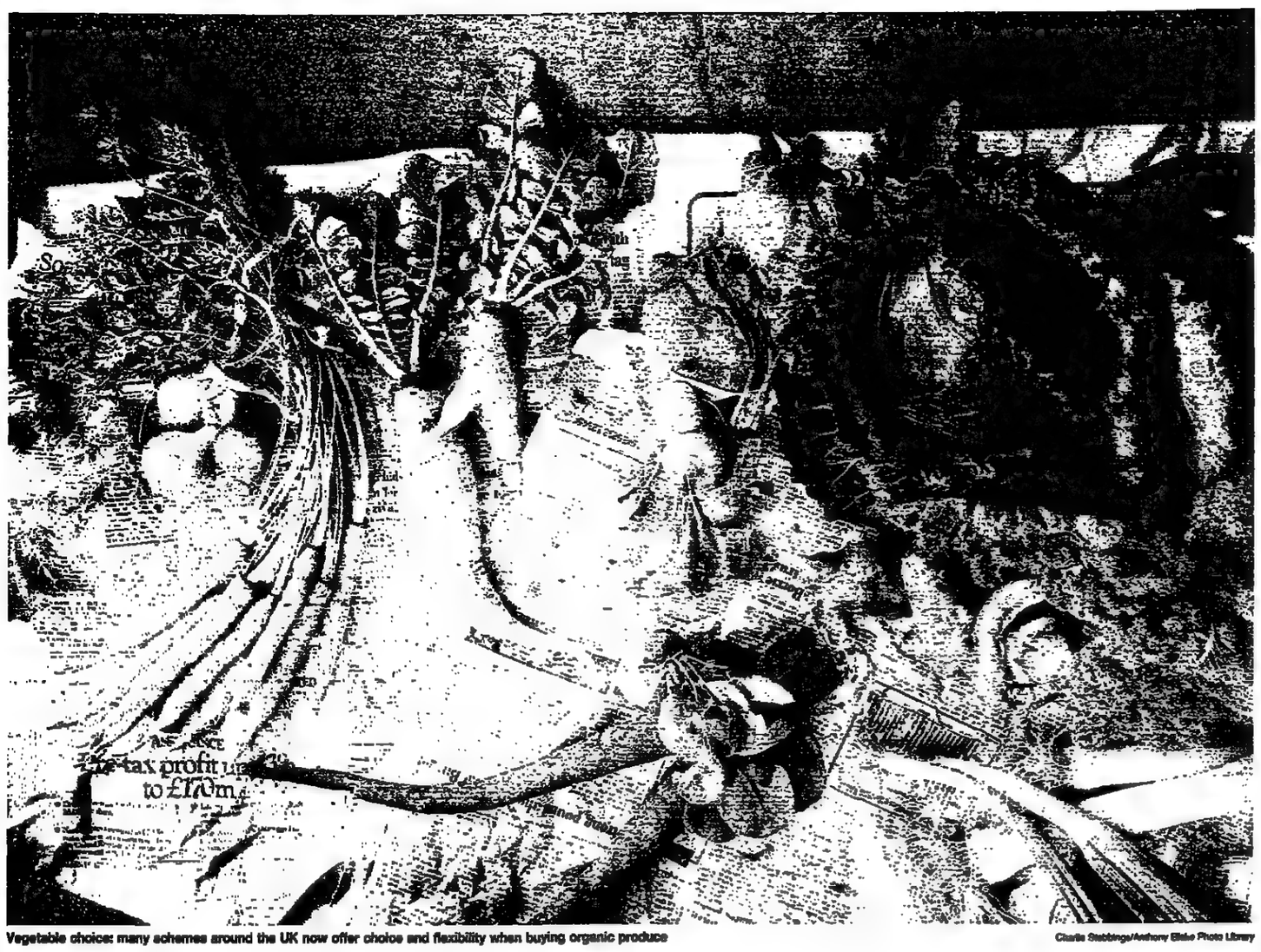

Vegetable choice: many schemes around the UK now offer choice and flexibility when buying organic produce

Charlie Stebbings/Anthony Blake Photo Library

Cookery

Jack and the Beanstalk: a modern organic story

Philippa Davenport knows her onions – and potatoes, carrots, beetroot and parsnips

I am thinking of moving to the Aberdeen area of Scotland or somewhere between Truro, Redruth and Falmouth in Cornwall. Attraction lies not in the des-res spotted in the FT Weekend property pages, seductive though they may be, but in the flavoursome vegetables I sampled recently from those two very different regions.

When I was asked to help judge the Vegetable Box Scheme category of this year's Organic Food Awards, my gastronomic expectations were not unduly high. The idea of weekly collections (or deliveries) from small local organic grower-producers dotted round the country is not unappealing, and agent companies servicing regional or national deliveries to city dwellers is laudable.

In theory, the scheme gives everyone access to vegetables as one would wish to grow them for oneself – without the hassle of gardening – freshly harvested produce, slow-grown in its own good time, tasting of itself, free of chemicals and genetic engineering.

I feared, however, that the selections might prove unimaginative, too repetitive week after week, and in quantities unsuited to my eating habits. The worthy-but-dull image was, I suppose, stuck in a sandals and lentils time-warp.

I had visions of megaton marrows, anonymous potatoes, swedes large and solid enough to endure the thwack of a croquet mallet, cabbages and yet more cabbages. The truth proved far more palatable. Inspirationally different, in fact.

Seven of us met to examine and sample the offerings of the shortlisted competitors. The seven were: Lynda Brown, the best cook-gardener I know, a lifelong and indefatigable campaigner for organics; Sally Clarke, talented chef-proprietor of the London restaurant of the same name; Sheila Dillon of BBC Radio 4's Food Programme; Barny Haughton of Rocinantes Restaurant in Bristol; Angela Mason of YOU magazine, sponsor of the Organic Food Awards; Nigel Slater, food writer and television cook; and myself.

A casual observer might have thought we were born-again children attacking our Christmas stockings, and starvelings at that. We dipped in voraciously, looked, sniffed, bit and usually swallowed. Most of the stuff was far too good to spit out. This was a tasting that turned into a meal.

There were one or two disappointments: a few sadly lacklustre vegetables, and one selection that was depressingly wintry. But the best were a revelation. There were Edzell Blue and Pink Fir Apple potatoes as well as Desiree and Sante, all listed by name, curvaceous little aubergines, sculptural looking peppers and chillies bursting with individual character.

I snapped into the sappiest runner beans I have tasted outside my own garden, and marvelled at fingerling parsnips, carrots, radishes and young beetroot, all with vibrant foliage.

I rabbit-munched my way through a variety of salad-ings and squeaky-fresh leaves, including cavolo nero, plain and ruby chard, summer spinach, effusive bunches of rocket, flat-leaf parsley and coriander, and a perfectly round green cabbage devoid of acridly aggressive brassica characteristics. I sucked tomatoes, ran a fingernail down the milkiest sweetcorn, and ate far more than my fair share of a wonderfully fragrant strawberry called Marie de Bois, a name new to me but one I shall remember.

I was struck by the absence of cloned good looks in these organic offerings, and by the absence of those anodyne textures and tastes that tend to be part of the intensive horticulture package.

These offerings lacked cosmetic finish. Their beauty came from an inner glow of good health and vigour. Flavours were full and deep, which is of course no guarantee that those accustomed to factory-farmed products will find them appealing at first bite.

The background notes accompanying each vegetable box reflected much enjoyment in, as well as strong commitment to, the scheme. A robust appetite for good food and a wish for others to share in it seemed major motivating forces, on a par with ecological, health and animal welfare concerns.

Some operators are succeeding in isolated places and inclement climates, where they may supply not only fresh vegetables but an invaluable community service.

Fieldfare Organics of Berkhamstead, started by a couple considered too old to be employable, and now employing other lively pensioners, exudes a decidedly clubby atmosphere, offers discounts to cancer sufferers, and organises regular group outings.

Cusgarne Organics, near Truro (unanimously highly commended by the judges for superlative quality and value) is the labour of love of three generations of the Pascoe family, who have provided their growing band of aficionados with a 90 per cent own-grown vegetable box every week of the year for four years without a break. They raise beef, wild boar X pork and geese as well, and hold regular farm visits.

Most operators issue their own newsletters and a constant stream of recipe ideas. Some schemes are offshoots of farm-shops. Some grow for and run a weekly WI market stall as well as a vegetable box scheme. Some operate only during the local growing season and sell almost entirely own-grown produce supplemented by a little locally grown bought-in.

Others operate all year round and offer a combination of own-grown, locally grown and imported produce, the ratio of each varying according to season. Agent companies buy-in all they sell. In all categories, prices seemed modest.

Not all vegetable box schemes are faultless, of course. As in any other area, there are tip-top, second best and third rate. Toeing the line decreed by legislation on organics is not enough to ensure excellent eating quality or good service. As always, it pays to shop around. But I was pleased to note that many schemes are more flexible than I had imagined, offering vegetable choices that change not only according to season but also to suit individual customer requirements.

If your family will not eat broad beans or Jerusalem artichokes, for example, most operators will offer a substitute vegetable. Similarly, if yours is the sort of family for whom, say, two cobs of sweetcorn or 250g of any vegetable is just not enough, most schemes will agree to offer you a large quantity of a few items instead of small quantities of many.

While fixed menu, fixed price, seasonal selection vegetable boxes are the norm, à la carte is beginning to blossom. Colin Ward (whose Bridgefoot Farm in Aberdeenshire was proclaimed the outright winner of the owner-producer vegetable box scheme) sells Organic Allsorts: state your price, your likes and dislikes, and he will make up a seasonal selection box accordingly.

Alternatively, write out your own specific order, varying quantities and choice of produce each week if you want, and Ward will deliver it to your home or an agreed pick-up point. His vegetable selection is remarkable in its rich variety (doubly so when you consider his location), quality is marvellous, and the service is as efficient as it is friendly. Lucky Aberdonians.

Other categories in the Organic Food Awards were judged the following week. Breads and other baked goods, all manner of dairy produce, poultry, fresh and cured meats, fresh fruit and vegetables, cereals, confectionery, preserves, alcoholic and non-alcoholic drinks, vegetarian products, baby foods and convenience foods all came under scrutiny. The winners were announced at the end of last month at a ceremony where Britain's leading organic farmer, the Prince of Wales, made a splendidly inspiring speech and Anton Edelmann of the Savoy cooked up an all-organic banquet to celebrate the occasion.

The judging events were the best organised and most enjoyable I have taken part in, and they opened my eyes to some delicious discoveries. But what really astounded me was the number of entries – more than double last year's figure.

Suddenly British interest in organics has soared as fast and furiously as Jack and the Beanstalk's beans. For decades a few pioneering small food producers have been dedicated to the cause. At last the public has picked up the message, big food producers have pricked up their ears and supermarket chains are falling over themselves to climb on the bandwagon.

The public's change of heart probably has more to do with fear in the wake of food scares than anything else, and the conversion of large food manufacturers and supermarkets surely stems from perceived commercial opportunities.

No matter. The groundswell movement has begun. Organics have come of age. And, I believe, it is not unreasonable to hope that food standards will continue to improve and the nation's diet will change as result – providing the momentum can be kept up.

What is happening now has been described as a consumer-led revolution. The bigger and stronger it grows, the greater the chances that organic foods could become the norm, or at least a real and affordable alternative for more and more shoppers.

"The organic food revolution is an important part of the good food revolution. What it requires most is political will, and only mass shopping demand will persuade politicians. As long as we continue to say loudly and clearly what we want, and to support organic food when we can, the change to organic farming methods should be unstoppable." So says Lynda Brown in the forward to her latest book.

Brown is a fine food writer with an uncannily good sense of timing. Her *Modern Cook's Handbook*, originally published in 1995, now in Penguin at £8.99, pinpointed precisely the ingredients and areas of cooking about which today's young cooks need and want to know.

Bypassing the conventional roux-based sauce introduction to cookery, she proposed a radically sensible alternative: the couscous and roast vegetable approach to first-time cooking.

This welcome breath of fresh air was followed a few months ago by another timely work of enlightenment, *The Shopper's Guide to Organic Food*. So eagerly was this snapped up that the initial print run sold out within eight weeks. Rapid reprints have kept tills ringing ever since, as befits the most important book of the year for those who care about what they eat.

Information

■ The Shopper's Guide to Organic Food by Lynda Brown is published by Fourth Estate, a paperback original at the, happily, ungreedy cover price of £7.99.

■ Bridgefoot Organics (Vegetable Box Scheme award winner) is at Newmachar, Aberdeen AB21 7PE. Tel: 01651-862041.

■ Cusgarne Organics (highly commended Vegetable Box Scheme) is at Cusgarne Wollas, near Truro, Cornwall. Tel: 01872 865922.

■ For a full list of Vegetable Box Schemes operating in the UK, order The Soil Association's *Where To Buy Organic Food* booklet (£5) by telephone: 0117-2290661.

Restaurants

Trippers try out the trippa

Nicholas Lander savours some different eating-out in Rome

Rome does not wait for the visitor to settle in. Within hours of our arrival we had survived a journey with a taxi driver entirely preoccupied with the football match on his radio, rather than the traffic, and swatted two persistent pickpockets on the metro.

However, even if our introduction to Rome had not been so eventful, our first meal at Al Bric, just off the Campo dei Fiori, would have left us feeling like citizens of this eternal city already.

Al Bric is an open book of a restaurant. In its window is a catholic array of cheeses which play an integral part in many first and main courses.

You can taste cheeses from Italy, including Capri, and France as well as compare Stilton, Gorgonzola and Roquefort on one plate. More specifically, you can taste just how versatile aged Predappio pecorino is when it and Sicilian broccoli are stuffed into pasta or, even better, when it is transformed into a concentrated sauce for a slowly cooked lamb shank.

As you enter Al Bric you come face to face with the wine cellar which lines the small lobby. Most of the restaurant's walls are covered in wooden wine box ends. We made two discoveries, a 1993 Sandrone Cannubi from Barolo and a 1994 Nozzole Il Pareto, a voluptuous Supertuscan.

To complete Al Bric's openness, the kitchen in the far corner of the restaurant is glassed in so that you can watch before you savour. As we left I had a chat with the chef.

Like good Romans we began with antipasti, including highly superior chicken croquettes. We moved on to two halves of different pasta – a service many top Italian restaurants will offer the indecisive diner – and followed this with succulent grilled sausages with spinach. Finally, we ate a warm tart of wild strawberries.

If Al Bric represents the modern face of Roman cooking then Piperno, in the former Jewish quarter by the Tiber, represents the more historic side, not just of Rome but also of the tradition of restaurant keeping.

We approached Piperno on foot over narrow cobbled stones – there was a taxi strike – in much the same way as its customers must have done in the early 19th century.

At 8pm precisely, the manager removed the door chain and allowed us and some equally keen Americans to enter.

The food spoke for itself. We enjoyed the *carciofi alla giudia*, artichokes Jewish style, a dish initiated in Rome but now widely copied. Entire artichokes were deep fried in oil so that they opened up like roses, their leaves crisp and golden. Long salt cod fritters were mouthwateringly crisp thanks to the lightest of batters. This seemed the right place to enjoy *trippa alla romagna* and so it proved with the meat lipsmackingly rich. Piperno's ice creams are equally rich and almost rivalled the most sumptuous chocolate dessert we ate later, a tartufo ice cream, at the Tre Scalini café in Piazza Navona.

> The kitchen in the far corner of the restaurant is glassed in so that you can watch before you savour

As in so many Italian cities, most good restaurants are closed on Mondays. An exception is Girarrosto Fiorentino, particularly suitable for a meat lovers' business lunch. The egg-sized buffalo mozzarella from its antipasti were the creamiest I had ever encountered.

■ *Al Bric, via del Pellegrino, 51. Tel: +39 06 6879533.*

■ *Girarrostio Fiorentino, Via Sicilia 46. Tel: 06 4880680.*

■ *Piperno, Monte De' Cenci 9. Tel 06 68806629.*

■ *Also recommended: Sazzimio, Via delle Colonnelle 14, (06 6789651); Il Caminetto, Viale dei Parioli 89, tel (06 8083978) and for pizza, Piazza Re' in the Via Ostavia (no bookings).*

Appetisers

Chocolate figs and coffee

This season's chocolate figs have just arrived in the UK from Calabria in southern Italy. The figs are peeled, cut in half and stuffed with walnuts, orange and lime peel before being covered in top quality chocolate.

Together with the importers, Algerian Coffee Stores of Soho, London, the FT Weekend is pleased to kick off its food and drink offers for the winter with these two.

The first comprises one 500g straw basket of chocolate figs plus two ½lb of each of the following top quality coffees: Pack 1: Espresso/Capppucino (Café Torino/Velutto Nero)
Pack 2: Mild Breakfast (Connoisseur/Colombian)
Pack 3: After Dinner (Java/Mocha Parfait).

Please specify whether the coffee is to be in beans or, if ground, for which machine (i.e filter, electric espresso, cafetière or stove).

The price will be £19.95 including p&p. The offer applies to the UK only.

The second offer comprises one 500g straw basket of chocolate figs plus 125g of the finest Darjeeling tea and 125g Assam tea leaves. Price £17.95, including p&p, anywhere in the UK.

All orders and payment to Algerian Coffee Stores, 52 Old Compton Street, London W1V 6PB. Tel: 0171-437 2480, fax 5470. Payment by cheque or major credit card. Please allow 28 days for delivery but do not write to the FT.

Nicholas Lander

■ Tesco, the UK supermarket chain, is offering purple asparagus, a unique variety called Purple Passion, which is grown at Wirrilla, near Sydney, Australia.

The thick, tender and pleasant to eat spears are available now.

They are said to be best enjoyed raw in salads, when they are crisp and succulent.

I prefer them lightly steamed.

But I remain convinced that nothing tastes better than green shoots of English asparagus picked in May and dropped into the cooking pot within an hour.

Philippa Davenport

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PROPERTY

At Home

The night my husband's jacket fell apart

Anne Spackman wondered what the insects were up to. Then she saw the damage they had done

When nuns commit to their vow of poverty, they presumably have to get rid of all their worldly goods. I tried to bear this noble thought in mind as I folded up my most expensive winter skirt and put it in the dustbin along with the household rubbish.

The man from the dry cleaner's had held it up against the light and shaken his head. There was no disguising the string of small holes running all the way down the side. It looked like someone had attacked it with a pea-shooter.

Instead it had been attacked by moths; to be more specific, the common clothes moth, or *tineola bisselliella*. We had noticed the tiny golden insects flying around our bedroom all summer. My killing rate had increased to at least four a day.

I assumed that, like most other summer pests, they had simply flown in from the garden. But I have to admit, there was a fear lurking at the back of my mind, that we might have a more serious problem. I comforted myself with the knowledge that our drawers and wardrobes were stuffed with anti-moth devices and hoped for the best.

Thus it was, that on the first cold night of autumn, my husband went to the wardrobe to take out his best jacket, only to find it coming apart in his hands. The wool had been so comprehensively destroyed that the white shirt hanging next to it was completely covered in dark blue fibres.

We braced ourselves for a complete investigation. Apart from the jacket, the worst casualties were a wool waistcoat, a large wool cardigan, another jacket and the afore-mentioned skirt. Many more jumpers had suffered small wounds.

Every item that could be rescued was packed for the dry cleaners. They filled three black sacks and produced a bill for well over £200. Our insurance did not cover moths.

When we told the dry cleaning woman our story of woe, she said we were the third family she had seen in 10 days with the same problem. Was our north London suburb infested with the creatures?

> The result is a wardrobe which would make an elegant still-life study

Not according to the council. They said they had quite a lot of complaints, but nothing approaching epidemic levels. In any case, they had more important things to worry about – such as rats.

Rentokil said there were more problems in the south of England, than the north, but it was due to the luxurious contents of people's wardrobes, rather than any environmental predisposition.

In any case, they said, the carpet beetle was now more prevalent than the old-fashioned clothes moth. They feasted not only on clothes, but on carpets and furniture and even stuffed animals.

Rentokil said it had recently been called in by the Royal Marines Museum in Southsea, which had discovered an infestation in some of its most prized historic costumes. They had sealed the clothes inside a plastic bubble and blasted them with carbon dioxide. However, this was not considered an economically viable solution for a few second-hand jumpers.

I rang Brora, the stylish cashmere designers, and asked how they kept their clothes free of these potentially devastating pests. They explained that all their clothes were individually packed in plastic, resealable bags, which were passed on to their customers.

What irked us was that we had placed moth repellants in our room at the first sight of the dreaded insects. A wise neighbour explained that was the equivalent of shutting the door after the horse had bolted.

She produced one of those household manuals which has you automatically reaching for the rubber gloves. It explained that it was not moths, but moth larvae which eat our clothes. They look like silky cobwebs, but when you brush them away, the fibres go, too.

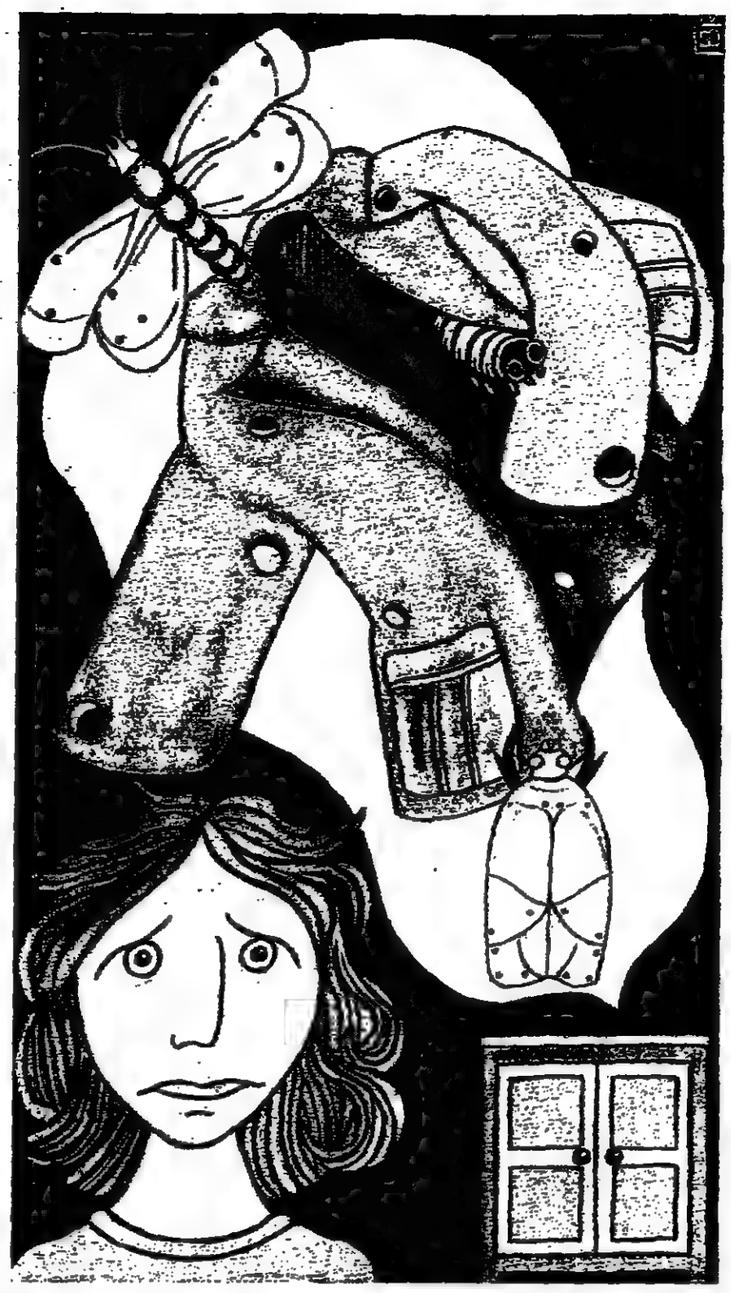
And how to stop them? As with all such problems, part of the answer was the dreaded injunction to spring clean the house every six months.

You can use camphor and naphthalene, the key ingredients in old-fashioned mothballs, but their smell puts off people as well as moths.

The book suggested a less intrusive, natural alternative was to mix 2oz of ground cloves, cinnamon, black pepper and orris root and place the end result in small muslin bags among the articles to be stored. Lavender oil and dried citrus peel were also recommended.

The result is a wardrobe which would make an elegant still-life study, strewn with spices and herbs.

It could just do with a few more clothes hanging on the rail.



Leasehold proposals running late

Gerald Cadogan hopes the delay will mean clearer laws

Two projects that affect London property values are running late – the Jubilee Line extension and the government's announced green paper on leasehold.

The former is meant to make life easier for travellers, the latter is expected to contain suggestions as to how it can be made easier for leaseholders to enfranchise (obtain the freeholds of their properties) or to extend their leases.

Why the delay? It could be because the government has discovered that the issues are tricky. There may also be caution in Whitehall about suggesting yet another set of rules for incorporation into law, when freeholders and leaseholders and their advisers are still learning how to cope with the rules of the Leasehold Reform Act 1998 – as modified once already by the Housing Act 1996.

But the delay will be worthwhile if at the end the law is clearer. Anybody who has obtained a freehold knows how detailed and complicated a process it is. It is especially so in the collective enfranchisement of a block of flats, when tenants must co-operate and decide who is responsible for what share of the costs of enfranchising and of the subsequent maintenance.

Achieving harmony is hard, which partly explains why there have been so few collective enfranchisements, although plenty of individual lease extensions. Arranging finance for the buy-out is another stumbling block.

The tangled leasehold rules reflect a body of law and individual decisions that have accumulated over the 330 years since the Earl of Southampton devised his brilliant wheeze. He let speculative builders develop his land in Bloomsbury but required them, or the people who bought from them, to return the land, plus the buildings on it, to the freeholder every 99 years. Meanwhile, they had to pay ground rent.

In recent years, ground rents have ceased to be a token to indicate the ultimate ownership of the property. They have become a way for the freeholder to derive a high income. Tim Lee, Lane Fox's chartered surveyor specialising in leasehold, has recently been involved in a ground rent review which saw a rise from £50 to nearly £20,000 a year in one fell swoop.

> A ground rent review saw a rise from £50 a year to £20,000

The adjustments made to the law by the 1996 act "have worked out about right", Lee believes. To assess a property for ground rent, he must inspect it, decide on its freehold value with vacant possession, read the lease, and review the tenant's improvements.

"Provided there is co-operation on both sides, the law is not that bad," Lee says. It can only be hoped the eventual green paper proposals will bring further improvements.

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PROPERTY

Gardening

Call them vulgar at your peril

No longer beyond the pale, chrysanthemums should be re-examined, says **Robin Lane Fox**

If your early November weekend threatens to be gloomy, you are one of the many who have forgotten to grow chrysanthemums. These flowers have long had all sorts of symbolic associations in countries from China to France. They represent love, death or scholarly perfection, according to the culture in which you live. In parts of China, their fanciers used to examine them and mark them on a scale similar to the tests used in the famously difficult exam for entrance into the Chinese civil service.

I like the idea of coaching my chrysanthemums for an Oxford degree and deciding which deserve only a low second. In Britain, however, chrysanthemums are bound up with that other constant companion of gardening in action: the British sense of class.

Up the social scale, garden-owners tend to look down on chrysanthemums as if they are rather common. They see mounds of them growing in simple front gardens. They dislike those yellow-flowered varieties in plastic pots from florists. Anything which calls itself a Mum and flowers like a fancy foot-high cushion is beyond the bounds of acceptability. Chrysanthemums have become déclassé and have receded into vegetable gardens where they can be visited but not automatically seen.

Like most barriers, this one asks to be broken. The entire family should not be damned because a few parts of it are used in odd ways. The choice is not between a Mums outing or an extremely complicated system of training and spraying under glass. I have already had 10 weeks of chrysanthemums by the dozen, cut and enjoyed them indoors. They have been extremely simple because I have cut corners and cheated. Call them vulgar at your peril.

In these busy times, we can join the laborious process halfway in and let others do the initial work. Specialisation and contracting out have transformed most trades and at last are making their mark on the showier parts of gardening. I grew this year's chrysanthemums only from the end of April and had none of the bother of rooting, rotting or prolonged heating which deters busy beginners.

Nowadays, suppliers have learnt to assist a lazy public whose time is too precious to be spent on potting and fussing with cuttings in February and March. I turned to Halls of Heddon on the Wall, Newcastle-upon-Tyne NE15 0JS, which specialises in dahlias and chrysanthemums and is committed to helping customers cut corners.

If customers without heated greenhouses send in orders before early March, Heddons will deliver rooted cuttings of named varieties in late April or early May. Each cutting costs 95p for the varieties I recommend. All you need to do is to plant each rooted piece into a 4in pot, filled with a good garden compost and keep them in a sheltered place, watching for warnings of a late frost. If forewarned, bring them indoors for that night only.

The good flame-red Membury is a winner — Garden Picture Library

This year, I used no heat, no glass and received my plants at the end of April, potting them and growing them on for planting outdoors on May 15. It could not have been easier and I have not lost a single one.

The results have been extremely pleasing. I recommend you stop thinking about flowers for late October and choose the early-flowering varieties which have given me such a lift since the third week in August. They are quicker to perform than the exhibition varieties now showing in professional greenhouses.

Catalogues all mark varieties which will flower early without glass, but my winners are the old and well-loved bronze Max Riley, the good flame-red Membury and a pale yellow Dana which is good for cutting. The range of colours is widened if you also choose the two stalwarts, Allouise and the early spray Pamela. They come in white, peach, red and golden and all flower early enough to be fantastic value before the weather turns and causes other varieties to need glass. I ordered 20 rooted cuttings and have had half a dozen bowls filled with colour for the past two months.

Experts emphasise the importance of stopping early varieties in order to encourage side shoots and flowers. The catalogues tell you when to call a halt by removing the growing tip, or upper few inches, of a young plant standing outdoors. I stopped mine at the end of May, which was probably too late, but nevertheless the side shoots have certainly multiplied and kept the season going.

The other two vital acts are feeding and spraying. I forked the fertiliser, fish, blood and bone, into the soil a day before planting the young cuttings out. From mid-July until mid-August, I sprayed the developing plants with diluted Phostrogen, stopping the food when colour began to show in the bud. The wet spells and the feeding clearly suited my plants.

Pests are a problem which should not deter you. Between May and July the young leaves look appetising even to us non-aphids, but mine escaped thanks to only two sprays with Tumblebug before any greenfly emerged. The Wisley handbook calls the greenfly "virus vectors", but to you and me they are just a plain nuisance.

Leaf miners cause the leaves to curl up and look as though something is tunnelling through them. Again, Tumblebug keeps them away. In the wet autumn, mildew on the leaf might have been serious, but it did not materialise and can anyway be seen off by spraying with Supercarb.

These foes are all hazards, but are not inevitable. The main enemy of my chrysanths was a dry spell, not the insect kingdom. The plants need watching, but they are much tougher than this warning list suggests. You can perfectly well leave them while you take a summer holiday.

Can we be lazy and see these plants through the winter? Ideally, a parent plant should be cut down to about 6in, lifted and laid in a good peaty compost. It can then live in an unheated glasshouse or room and be brought back to growth by resuming watering and increasing the heat in early March.

Within three weeks, young shoots will be bursting everywhere and can be rooted extremely easily as the cuttings for next year. Alternatively, you can order again from Halls and reckon that the time saved is worth £30.

If you cannot bother with potting, you can cut the plants down, cover them with sandy soil, straw or peat to a depth of several inches and trust to luck. The early varieties will survive a very heavy frost under covering. They are a worthwhile gamble in light soil outdoors, especially in a sheltered corner away from Newcastle or cold areas.

This year, I am swamped with lifted and boxed dahlias, so I will take the chance and cover over these chrysanths, hoping for a high survival next year. By Christmas, these stock plants may be frozen, but they will certainly not be vulgar. This year, I have happily awarded mine an Oxford first in the great chrysanthemums examination.

On the Move / **Anne Spackman**

Queues forming in the country

While London buyers are in a state of paralysis, buyers in the country still appear willing to move fast for special properties – though they will not pay exorbitant prices.

Outstanding houses and cottages are still attracting competition from buyers, who know that another similar opportunity is unlikely to come along in the near future.

Bidwells (01473-611644) has had queues of BMWs forming along the drive of the Dingle Stone House Estate on the coast at Dunwich, Suffolk. This unusual combination of a good house, sitting in the centre of its land, right by the sea, has proved irresistible. There have been inquiries from New York and Singapore as well as the UK. The guide price for the whole estate, which includes two lodges and about 600 acres, is £900,000.

Another Suffolk gem which was swiftly snapped up was the country hideaway of the author, Sir Angus Wilson. A small but pretty period cottage, tucked away in six acres of land, at the end of a country lane, it was under offer within a week. Strutt and Parker had set a guide price of £215,000.

Also attracting great interest is an exceptional Cotswold cottage in the village of Lower Slaughter. The Grey Cottage is in the heart of the village, with a view over the River Eye, a pretty garden and the unusual bonus of a garage. Set on three floors it has two reception rooms, three bedrooms, plus a studio room taking up the entire top floor.

Earlier this year, the same agent, Strutt and Parker, sold a similarly sized, neighbouring property for more than £350,000, having set a guide of £275,000. With the Grey Cottage, a price of £295,000 has been set to take account of the new mood of caution.

In his latest report on the country market, Quentin Jackson-Stops points out that buyers have suddenly become much choosier. Prices for the very best properties are still holding up – and in some cases increasing. But prices for the rest have become weaker. The part of the market which has fallen away most sharply, he says, is for very large country houses which would have appealed to overseas buyers. They are not spending, partly because of the strength of sterling, but also for fear that values will fall.

Asian chill

The Asian chill has not stopped some huge prices being paid in Sydney for apartments in the city's most prestigious new development. Three of the six properties at 28 Billyard Avenue, on the waterfront at Elizabeth Bay, have already sold, at prices ranging between A$3.6m (£1.3m) and A$7m.

Billyard Avenue is one of Australia's best addresses. In order to appease its neighbours the development had to be built low, with a mirror pond on its flat roof, to make it look like an extension of the harbour from above.

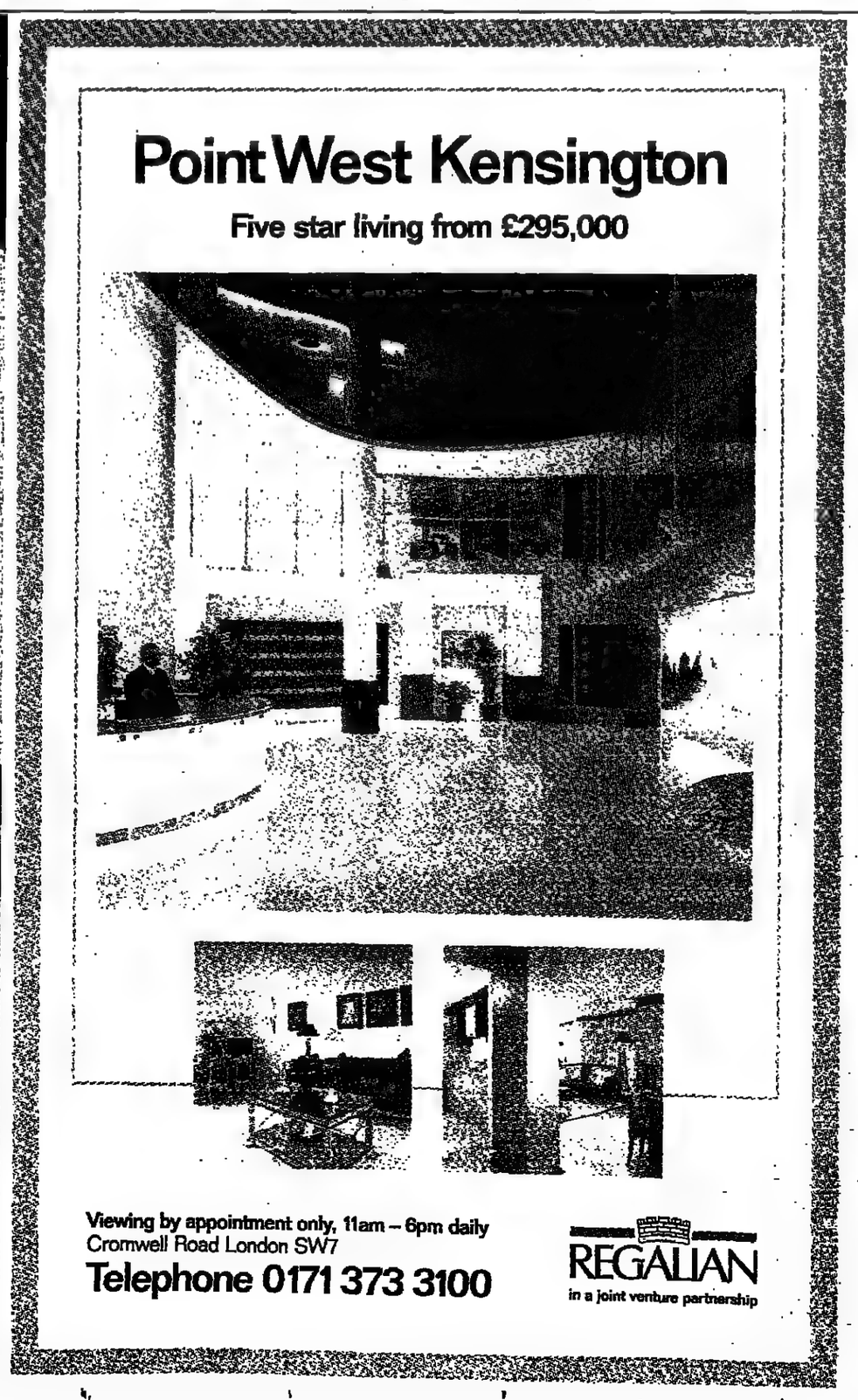
The building has a 1930s look, with huge curved glass windows and terraces looking out across the water. The apartments are on the scale of large family houses.

The largest, which is still on the market, covers more than 8,000 sq ft. Agents for Billyard Avenue are Sotheby's International in Sydney, tel: (0061)-2-9362 1000. In 2000, the Billyard Avenue apartments are likely to be one of the smartest bases from which to visit the summer Olympics.

Dingle Stone House: the estate is attracting interest from around the world

The same agents have a similarly prestigious project for those who prefer winter sports in the home of the 2002 winter Olympics. Deer Crest is a new ski-in, ski-out resort being built in the Deer Valley in Utah. It will be a "gated community" covering 600 acres of woodlands, with a hotel, condominiums, individual lodges and all the ski lifts, restaurants and sports facilities which go with a fully-fledged resort.

Prices start from $675,000 for the initial lots. Details from Sotheby's in California (001)-949-644 9200.



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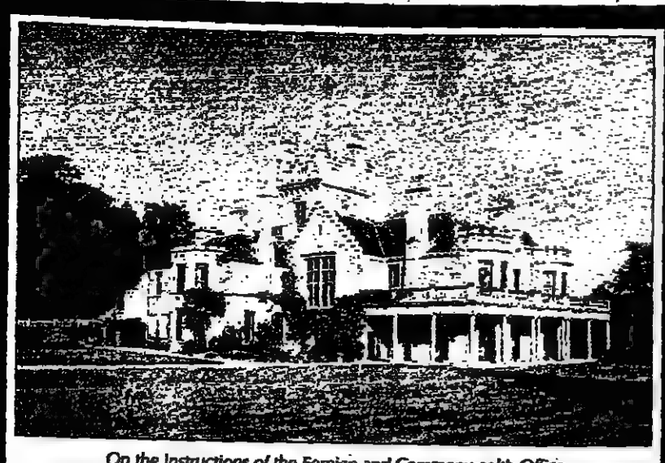

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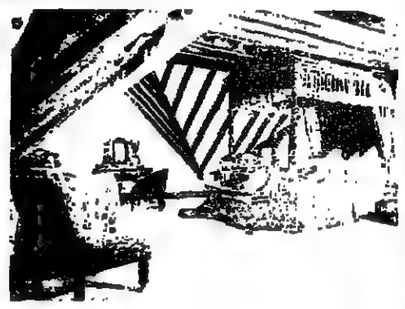

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Where Italian beauty hides its face

Giles MacDonogh explores the art, culture, countryside and food of Lombardy

Lago d'Iseo, possibly the least known of Italy's pre-alpine lakes. Its most notable feature is the island of Monte Isola

World Pictures

There's an awful lot of Italy: much more than just Venice, Rome, Florence, the Amalfi Coast and summer holidays in Chiantishire. There are whole regions of unforgettable beauty, soaked in culture, almost wholly ignored by many travellers. I suspect that much of Lombardy falls into this category, and I know now that this is a pity.

The region centres on throbbing, businesslike, industrious Milan. Factories spill out of the city and their gimcrack, gaudy buildings line the motorway half the way to Venice. The treasures lie concealed behind the road.

Take Bergamo, for example. The lower town was heavily scarred in the second world war, but the upper town is still a gem encased in 16th century walls. At the centre of it is the 12th century Palazzo della Ragione and tomb of the great *condottiere* Bartolomeo Colleone, decorated with busts of Caesar and Trajan, because – it is said – like him, they never lost a battle.

Next door is Santa Maria Maggiore with its choir stalls designed by the cinquecento Venetian painter Lorenzo Lotto. It was Lotto I had come to see, with his positively Germanic eye for detail blended with the gorgeous colour of contemporary Venice. Bergamo recently entertained the superb Lotto exhibition – only the second ever – between stints in Washington and Paris.

Lotto lived in Bergamo for a dozen years where not only did he paint the city's patricians, but his pictures hung in many of the city's churches. The works are enriched with dense allegories which were admirably unravelled for me by a local guide who was superbly informative without once being condescending.

My cicerone at Rodengo Abbey was none other than Fra Antonio, one of five Olivetan monks who echo through the huge halls like so many peas in a Brobingnagian pod. On the promise of British postage stamps (he is a keen collector), I was shown round many of the rooms not generally visited by hoi polloi.

The foundation goes back to Charlemagne's time, but the physical appearance of the monastery today owes much more to the 15th and 16th centuries, when it was rebuilt by the Benedictines of Monteoliveto near Siena. They constructed the three cloisters and commissioned the painters who decorated – among other things – the lovely sacristy with its scenes from the life of St Benedict.

When the French exported their revolution to northern Italy, the abbey was closed. Until 1974, five dozen farmers shared the huge complex, storing their grain and keeping their pigs in the deserted halls and cloisters. Then the local boy, Pope Paul VI, stepped in to restore Rodengo to a more fitting vocation. Apart from its handful of monks, the abbey also lodges itinerant exhibitions and travellers, the latter in a suite of Spartan rooms just along from the monks themselves, provided they are genuinely looking for a meditative retreat.

Not far from Rodengo is the Lago d'Iseo, the least known of Italy's pre-alpine lakes. Its most notable feature is Monte Isola: at 9km (5½ miles) in circumference, the largest lake island in Europe. Two thousand people live here in a car-less paradise, fishing, netmaking and tending their olives and smallholdings; or running the bars and restaurants which cater to a very local tourist trade: chiefly Sunday outings for the workers from the factories in Brescia.

The food served is magnificently individual. The mainstay consists of "sardines": local fish hung out to dry then steeped in oil to make them pungent and strong flavoured. As I discovered at the restaurant La Foresta, the smaller fish are either preserved in vinegar, or deep-fried like whitebait.

There is also pike, catfish and tench; but the real treat is the *coregone* or pollan, a very delicate freshwater fish which costs a small fortune in Geneva or on the Lac du Bourget in France.

The ferry to the lake port of Iseo takes you past the tiny island of San Paolo. A former monastery framed by tall cypress trees, it is now the home of a branch of the Beretta family, the small arms manufacturers from Brescia.

Iseo is a pleasant little town which used to be dominated by the Oldofredi family. Their castle now serves as municipal offices. Opposite is Il Volto, the town's best restaurant, and the place to get to know the culinary culture of the small winemaking region of Franciacorta, south of Lake Iseo.

Here I ate a pâté of tench: a pig of a fish. I recalled a desperate battle with one as a 10-year-old boy, when I was all but dragged into a Sussex lake. It was surprisingly clean-tasting for such a notorious bottom-feeder. Tench is highly prized in Franciacorta: every July there is a tench-eating festival in nearby Clusane.

The two other famous local dishes followed: *tagliolone* with lake fish and *manzo all'olio*, slow-cooked beef with olive oil and parsley. The meat was tender and went down a treat with a good red wine from Franciacorta. Like the region, these Lombard recipes deserve to be better known.

■ *Rodengo Abbey. Tel: +39 30 610182 Rodengo (Brescia).*
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TRAVEL

An island seen through the Looking Glass

There were surprises for Bill Glenton on the Isle of Man – not least its growing film industry

I had prepared myself for some strange experiences. Any place that has three legs for an emblem and breeds tailless cats just had to be odd. However, the last thing I could have expected was my encounter with the Jabberwock.

It was not the only surprise I was given on what had looked such an innocently peaceful, richly green Irish Sea outcrop as I flew in from mainland Britain. Within just an hour or so, however, I appreciated how confused Alice felt stepping through the Looking Glass.

Perhaps if I had taken the Isle of Man's rich store of tales of fairies and witchcraft more seriously, I should not have found the odd slithy tove, mome rath and borogove, along with the Jabberwock, all that unusual. I might even have anticipated them in this, the centenary year of the death of Lewis Carroll.

During my visit the reality certainly proved as strange as fiction. Almost everywhere I went around the 227 square mile flint-shaped island, I chanced on some scene from the Looking Glass story.

There in a wood (a tulgey one?) Alice was meeting Humpty Dumpty. Not far away the Walrus and the Carpenter had been taking those unfortunate oysters for their all too consuming stroll. All of this and more of her adventures besides, I had better explain, were for the benefit of a TV unit making a film to commemorate the Carroll centenary.

It was all very intriguing, yet a visitor would be hard put these days not to find some cinema or TV crew making a film somewhere on this small outpost. One of the strangest things about Man is the way it has suddenly become an Irish Sea version of Hollywood.

If this halfway house between Irish mist and the UK's equally unreliable climate seems as far as one can get from sun-drenched California, please adjust your vision. Nothing the island's fairies and witches can conjure compares with the way film makers have transformed Man into a tropical Caribbean isle, the rugged Falklands and even parts of cities such as Bristol and Hamburg.

During the last two years a score of popular cinema and TV productions have been shot in part or whole on Man. They include: *Treasure Island* with Jack Palance and Patrick Bergin (which is released later this year); *Stiff Upper Lips*, with Peter Ustinov and Prunella Scales; *Shergar* with Mickey Rourke and Sir Ian Holm; and *Everybody Loves Sunshine* with David Bowie, which will be premiered next year.

All this might stretch even the imagination of Lewis Carroll yet, on my exploration, I found plenty to appeal to film directors, particularly those of period productions. With its ancient castles, cosy fishing harbours, whitewashed cottages, well-preserved Victorian promenades and plenty of varied, unspoilt scenery, the Isle of Man looks a ready-made conservation area.

The island, which is very compact, also has a rich choice of active vintage transport, such as its steam, electric and cog railways. I was transported into the past just listening in my hotel room to the clip-clop of the horsedrawn trams along the Douglas seafront.

Add Man's distinctive Celtic-Norse culture – and unique language – and, like me, you might wonder why its venerable Court of Tynwald and House of Keys parliament did not get around to encouraging film makers sooner. But it was a bold idea in 1995 to create a film and television fund offering financial help.

Critics, who felt Man's international role was probably best as an offshore racing track, were soon put right. Figures show that filming has already added a handy £6m to the island economy. It has also boosted a declining tourist business.

What few expected was the surprising way in which the usually laid-back Manx people flocked to take an active part of film making. Hundreds work in all manner of jobs from scenery painters and drivers to production assistants and extras. For some it has transformed their lives completely.

John Danks, a Douglas traffic warden, finds himself popular in his new role as a casting agent for islanders. Sally Jagger's boarding kennels have become more a menagerie as she has turned to supplying anything from a snake to a donkey for the films. Several locals have even been launched on an acting career.

Local builder Brian Gilks keeps exchanging bricks and mortar for more esoteric parts in productions. He performs in the *Looking Glass* film, although no one will recognise him dressed as the walrus.

More obvious yet more remarkable was his partner acting the role of the carpenter. Usually seen in dignified business suits, John Cashon is none other than the island's chief financial officer. Not that anyone ever asks him for his autograph. No need. It is on every Manx banknote.

I would not have been surprised to find a bank manager or accountant playing the parts of Tweedledum and Tweedledee. In fact, Humpty Dumpty did look rather like a stockbroker – fearing a fall on Wall Street, perhaps.

The financial world plays an important role altogether in island affairs these days. It used to be said that Man "exported kippers and imported trippers" but now few of its old smokehouses remain, while scores of offices for investment and insurance firms have appeared.

Flights from all over the UK are busy with business traffic, while the once large sea ferry fleet has declined from the days when tens of thousands of visitors poured ashore from Lancashire and North Wales. The only crowds today are the armies of bikers who come over for the TT races in spring and the grand prix in late summer.

More hotels are being converted into apartments and offices while others, such as the Regency with a fax machine in its rooms – and where I stayed – have been refurbished for business guests. Much of the former chips-with-everything catering style has been changed to cuisines which suit the fussier tastes of the growing number of new residents.

This influx has created fears as well as prosperity for some native islanders. It certainly worried the old fisherman sharing a remarkably deserted sandy beach in old Peel last August.

Soulfully he told me: "I remember when you couldn't move here for trippers but, at least, they all went away again. Now them newcomers living here is taking over the island. We was better off with them When I's."

"When I's"? Were these more of Carroll's fantastic characters? Apparently not. It transpired that they were Britons who, lured by low taxes, retired to Man to form their own colony after long service in the empire.

My fisherman explained: "They were always telling us how much better off they were 'When I was in Poona' or some such place." They – and the empire – have now mostly gone and so, sadly for the native Manx, has their centuries of dominance. In 1997, for the first time, they formed just under half the island's residents. They fear a further decline in their numbers and their unique culture.

To this outsider, however, they still seemed to be making a pretty good job of retaining their individuality. I found Man refreshingly different even without the Looking Glass fantasies. Anyway, I should think that any place that can transform itself into such locations as extreme as a tropical island or the city of Hamburg can adapt to whatever it wants.

■ *Information about all Manx activities, including accommodation and sightseeing, can be had from the Department of Tourism, Sea Terminal Buildings, Douglas, Isle of Man, IM1 2RG. Tel: 01624-686760, fax: 686800.*

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TRAVEL

What's really hot in the Caribbean

James Henderson has been out and about, finding what's new on the islands

It is that time of year again. People are sharpening their swords and plotting, turning their thoughts to paradise. Now that in Britain the evenings have drawn in, it is time to plan the annual crusade against winter.

It is not exactly a penance, granted, but I would say that the winter Caribbean trip is approached with every bit as much relish, attention to detail and basic, visceral feeling, as were the *Crusades of centuries* ago. It is just that you can get paradise now. And you will consult a travel agent rather than a priest. They have the information to tell you just what precise brand of paradise is on offer.

Actually there has been a lot of change on the Caribbean scene in the run-up to this winter season. It consists more in reopenings and refurbishments of the hotels than actual openings of new properties, but interestingly, quite a few developments have reappeared in the brochures or crept in for the first time. The brochures are reflecting a broader spread as travellers begin to *request new areas*. As always, you should not hesitate to contact the specialist Caribbean operators direct when deciding where to go. They are better informed than travel agents, who simply sell from the brochures.

Hurricane Georges touched some islands, forcing properties to close to tidy up and repaint (hurricanes really have been known to strip the paint in some cases) and delaying some openings after their normal off-season closure. Most hotels in the eastern Caribbean islands will be back on stream by December 1.

It might be a bit too much to expect to be bathed in milk by virgins nowadays, but you can at least be flown to the Caribbean by one of them. Virgin has recently started to fly to Barbados, Antigua and St Lucia.

Caribbean image: a developing trend is for people to explore more and find out about local life on the islands — Corbis

St Lucia has made a mark on the UK travelling public over the past few years and Windjammer, the hotel and villa complex for so long a favourite with British travellers, but one which had grown a little tired, has been given a going over. It is now in good condition again, with new central areas and rooms in refurbishment as you read. Just down the beach, the East Winds Inn continues to proffer high-grade, low-key luxury in a charming setting.

If you have not come across the south-western corner of St Lucia, then it is well worth considering because it has a small clutch of excellent hotels in magnificent settings (Anse Chastenet, Ladera, the Jalousie Hilton). Two of the big UK companies, Caribbean Connection and Elegant Resorts, are speaking particularly highly of the Jalousie, which sits between the Pitons. The service is slick and there is a fine spa and a new beach with imported sand.

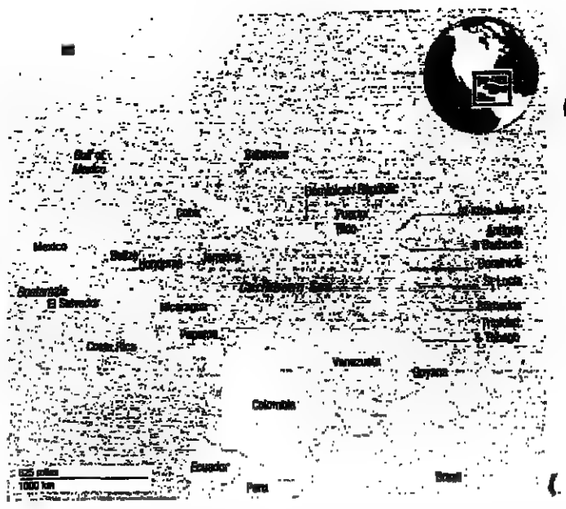
In Antigua, another British favourite has come back on to the market. Blue Waters, which never really recovered from Hurricane Luis in 1995, has been upgraded and is in fine condition. It will reopen on December 1. Jumby Bay, which sits on its own island offshore, went into receivership earlier in the year, but it is reopening next month under the management of Rock Resorts (they handle Little Dix Bay and Caneel Bay in the Virgin Islands), so it is back in its, American-style five-star niche. Big plans are afoot for developments next summer – 30 more rooms and a spa.

With the delightful Pink Sands on Harbour Island in the Bahamas so difficult to get into, Caribtours is also offering the Romora Bay Club, which has called in a three-starred Michelin chef for the winter.

In the Turks and Caicos Islands, Parrot Cay has opened – 66 rooms and villas and modern American-style luxury, including a spa, on its own island. Another raffish and charming hotel which has built a following since reopening two years ago is the Eden Rock in St Barts. It is owned by a Yorkshireman and his wife, who have refitted all the rooms for the coming season.

As people come to know what to expect of the Caribbean, so catered villas become more and more popular. Barbados is the traditional favourite, along with Mustique and St Barts, but villas are available in almost all the islands. Two choices which seem to be popular at the moment are Grenada and Tobago.

Another developing trend is that people are looking to explore more. A *stay-sail* package enables you to visit some of the smaller islands, say in the Grenadines, and spend time before or afterwards in a traditional hotel. This is offered by most operators.



Although most of the companies promise a tailor-made service, they tend to be working from a limited number of hotels – the ones mentioned in their brochure – and they do not necessarily have much knowledge beyond that, so it is worth considering those that specialise in smaller and farther flung properties (many of these hotels have just a few rooms and so a large tour operator cannot justify carrying them).

Harlequin Worldwide makes an effort to find places off the beaten track and in the lesser known islands. This year it has included a couple of new resorts in the French Caribbean, including the Folle Anse hotel on the tiny island of Marie Galante off Guadeloupe (named after Columbus's flagship on his second voyage to the Caribbean – the island was the first landfall), which has rooms in creole-style cottages.

There is also the Manoir de Beauregard in Martinique, which has come back on line, too, after slow reconstruction following a fire that destroyed it and much of its antique feel in the early 1890s. If you know Grand Cayman already and have always wondered about Little Cayman (an easy life and absolutely magnificent diving), then Harlequin is offering the Southern Cross Club, which has a typically low key but dependable atmosphere.

Feona Gray of the Owners' *Syndicate*, which is offering charming small resorts, has seen a large increase in the tailor-made product, with people asking for smaller properties and less known islands. Tobago is a good example of an island where there are a lot of characterless hotels, but some smaller properties with real charm. These include the tiny Seahorse Inn and Plantation Beach Villas. Though the "eco" word is one to be sceptical of because there are no recognised universal standards, Footprints on Tobago can make its eco claims with justification. Importantly, it offers levels of comfort that most eco-resorts do not.

The Owners' Syndicate has joined with the Hermitage on the charming island of Nevis to create a week's rest cure with treatments, including aromatherapy massage and shiatsu.

■ *Caribbean Connection tel: 01244-355300; Caribtours 0171-581 8517; Elegant Resorts 01244-897999; Harlequin Worldwide 01709-850300, The Owners' Syndicate 0171-801 9801.*

Have you been 'Barbadosed'?

James Henderson is already looking forward to another Caribbean Christmas

When you consider how important an annual winter visit to the Caribbean is to some people, it comes as a surprise to realise that two centuries ago the West Indies was a hardship posting.

Of course, people did not go to beaches then – they were malarial – and anyway there were no cold drinks and to get there took six weeks in small, rat-infested ships. It gets worse, though. About 100 years before that, in the late 1600s, to "be Barbadosed" was a catch-all term for deportation to the Caribbean islands, where they were crying out for settlers.

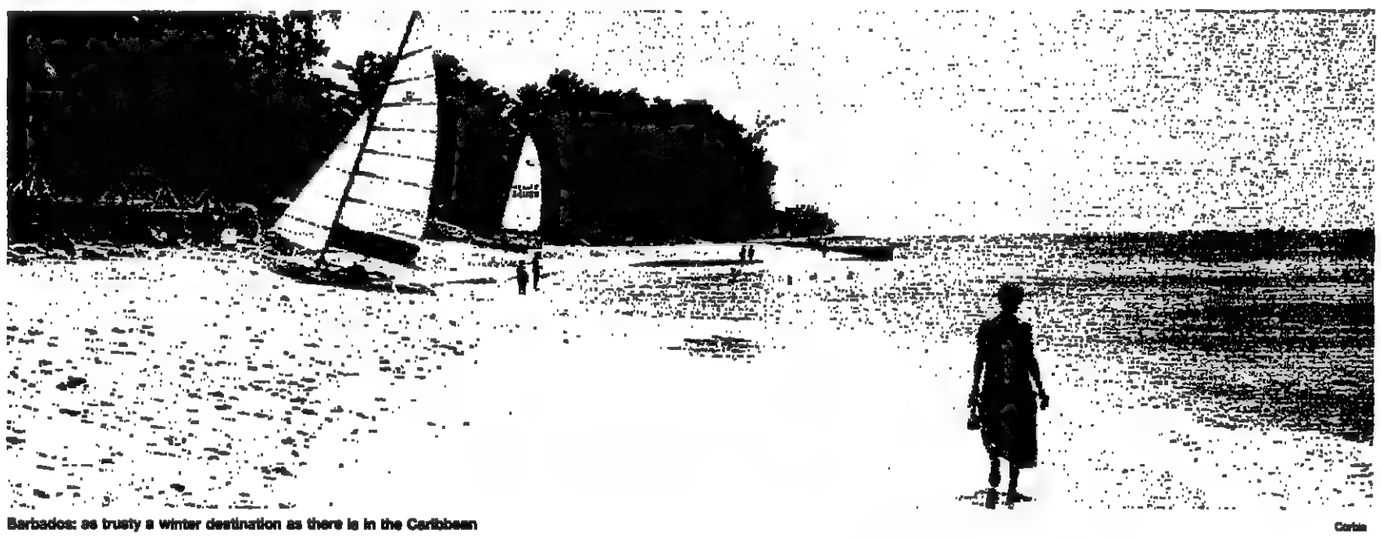
It is more by chance than by design that I have ended up in Barbados at the start of the winter season for the past three years, but it is easy to see how it could become an almost constitutional thing. Three centuries on, Barbados is as trusty a winter destination as there is in the Caribbean.

Here, there are some of the Caribbean's best-known hotels, and serious restaurants. Visitors often prefer a villa, of which there are magnificent examples, and there are delicatessens to serve them. Implausibly for the Caribbean, you can actually find reliable supplies of *foie gras* and Krug.

"You can feel the change when Christmas is coming," says Patrick O'Hara, owner of the Coral Reef Hotel, which holds pride of place on the west coast, south of Holetown.

It is true. The winter regulars flood back in, chatting about Concorde and first class, wearing their jewellery to the beach. They greet the hotel gardeners and managers as long-lost friends, discussing the latest moves on the restaurant and bar scene and who is giving the big parties of the year.

But winter Barbados is not just a juicy source of gossip for a tropical bystander. Island gossip can be just as much fun. Barbados is an accessible place and you can plug into that at once (the taxi driver will fill you in on the latest scandals as you drive to your hotel – "nuff rumour, right…"). Also, the Bajans are gracious and more approachable than most West Indians. You can drop into just about any bar and "lime" with the locals.



Barbados: as trusty a winter destination as there is in the Caribbean — Corbis

Beyond the screen of sand and coconut palms, the island is surprisingly good to explore. The old posse of mini-mokes that were once tourists' trusted favourite have really been superseded by Suzukis and Subarus, but a mini-moke was all I could find at short notice in the season. The passenger seat had a haphazard habit of sliding forward and back without warning, threatening to garotte any passengers I took on board.

This time I set off on the trail of Barbados's sugar heritage. This was what settlement was all about two centuries ago. Sugar was in huge demand to feed Europe's sweet tooth. It was the basis of empire in the Caribbean, the reason for all the settlement. Cane sugar is now a tiny proportion of the world's sugar. A small amount is made in Barbados, but they also produce molasses, which is used in the production of rum, for which there is obviously still a huge demand.

I ended up at the Mount Gay Distillery in the northern parish of St Lucy. It is the oldest distillery on the island and first bottled rum in 1703. Factories are always fun. The first port of call was in fact the molasses room. An oozing sea of tar-like goo, surprisingly bitter to the taste, sits threateningly in there. It is then diluted with water for fermentation.

A handful of yeast is thrown into the 14,000-gallon vat. In a few hours it is bubbling with scum and boiling like a river in spate: later it throws up slick and wobbly, rainbow-edged bubbles. The process is self-limiting and the increasing levels of alcohol kill off the yeast. Next is distillation. Through the run of ganglions, the wash is piped into two stills – one for surgical spirit and denatured alcohol and the other for white rum.

After this, the blending takes place in two old copper pot-stills, the liquid eventually dripping down the spirals to cool.

They do not actually bottle there. That takes place in Bridgetown. It is surprisingly easy to get lost between the curtains of sugar cane that line the roads inland. Unfailingly, I do, I suspect that it is at precisely the same spot every year. But so what – it is part of the fun.

Eventually, though, I made it down to the Atlantic coast, to the village of Bathsheba, where the huge rocks stand poised like Titans, while their foundations are eroded by sea and wind.

It wasn't exactly by chance that I found the Round House again. No doubt if I had wanted to I never would have, but I was happy enough to stop there, high above the coast, and enjoy a pumpkin soup and salt-bread.

As the afternoon drew in I moved on. At dusk I came down to a flat area near the Atlantic coast, lost, and stopped to ask the way. I walked into a rumshop which called itself the Nigel Benn Auntie Bar. Later, I discovered, it was owned by the aunt of the British boxer, Nigel Benn. With so many British people getting lost at that particular point on the island, the bar's name was a clever marketing ploy, I suppose. In a back room, there was the slap of dominoes. The three punters looked up and said in chorus "Good night."

This might sound slightly odd, even apocalyptic (were they expecting me to turn round and leave in a hurry?), but in fact it is the standard West Indian greeting after about six in the evening ("Good evening" lasts from mid-afternoon until dusk). At any rate, rather than leaving, I stopped for a drink and a chat about love, life and everything.

I am not sure if it was the beer, but as I was sitting there, I gradually began to feel geographically out of sorts. The speech sounded like English West Country rather than West Indian English. It is in the quality of the vowels, the oi-s and are-s. They are buried in the lilt of Bajan English, but they are as distinct as they are unexpected and they bubble up, demanding to be heard.

The roots lie in the first wave of settlement, 300 years ago. At that time Bristol was the main port on the west coast of England. Besides those who were "Barbadosed", many West Country folk emigrated as indentured labourers. Their language has crystallised in the Bajan patois.

By the end I was given a poster of Nigel Benn in combative pose and sent on my way, with explicit instructions to follow the main road. It seemed simple enough. And then I was back on the west coast immersed in the normal life of Barbados.

For all the tropical shirts and white trousers it might have been in Chelsea. But not quite.

■ *James Henderson travelled to Barbados with BA Holidays. Tel: 0870-242 4245. In January, the airline offers a week in a superior suite at the Cobbler's Cove Hotel from £1,709 person including flights and transfers.*

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TRAVEL

Skiing

Denver's winter wonderland

Arnie Wilson struggles to keep up with the night life and upright on the ski slopes

Any ski area in the US would be glad to have a copywriter like George Cramner, a Colorado park chief who once described Winter Park as "the St Moritz of the middle range, surpassing anything ever offered by the once peaceful resort cities of the Bavarian, Italian and Swiss Alps".

"Once peaceful", of course, is the giveaway. Cramner was rhapsodising about Winter Park almost 60 years ago. He continued: "While war-mad Europe is torn with strife, and the US is arming itself for national defence, Denver's department of improvements and parks is making plans for the return of peace."

In his opinion, Winter Park would be "a winter paradise surpassing by far anything ever developed either here or abroad. The sunshine, even in mid-winter, is warmer, the snow less icy and more powdery, and the air is cleaner, drier and healthier than any place in the world. It is sufficient to stagger the imagination."

Well, up to a point Mr Cramner. But let us not get completely carried away. Winter Park is a fine resort. But it was my knees that were staggering after my visit rather than my imagination. I blame Mary Jane, about whom more later.

Even when it was known rather unglamorously as West Portal – a reference to the exit of the Moffat tunnel where the resort suddenly materialises as passengers emerge blinking in the snowlight after a spectacular railway journey – Winter Park was always going to be interesting.

West of Denver, it is the first major ski area you encounter. With recently opened terrain, the resort claims to be Colorado's third-largest.

One of the most enthralling ways to get there is by train. The ski-train special runs at weekends ($55 return) from Union Station. On weekdays there is an Amtrak (America's version of British Rail) service.

The train snakes its way along the great plains through Arvada, Wheatridge and Rocky Clay before an extraordinary climb, negotiating about 40 tunnels and then disappearing into Moffat Tunnel. Suddenly, there it is: the winter playground of Denver. The city owns the place.

The skiing is in two main areas: Winter Park itself, packed with well-groomed intermediate trails, and Mary Jane, an area named after a prostitute who befriended many of the railway workers building the tunnel.

Today Mary Jane has a different significance: the area has some of Winter Park's steeper terrain and more challenging bump-runs. But advertising slogans such as "ski Mary Jane's bumps" or "ski Mary Jane's backside" have not gone down well in all Colorado circles.

Mary Jane links with the Parsenn Bowl and the Vasquez Cirque, a 435-acre area being developed as an extreme skiing area where there are "no lifts overhead, no buildings in sight, or even snowcats to interrupt the pristine beauty".

Slopes there range from extreme – above timberline chutes with pitches of up to 60 degrees – to advanced intermediate. Not long ago, the Orlando Sentinel carried a cartoon of a wimpish skier riding up in the chair with a knowing Winter Park local. He is saying: "I brought an apple and a granola bar . . . I always carry something in my backpack that'll be good for my body." The gung-ho local replies: "Me too. I packed aspirin and a parachute."

The accompanying article tells how an Orlando executive had pooh-poohed Winter Park, saying: "We're good skiers. We're looking for something a little tougher than Winter Park. Besides, there's no night life."

Fortunately he said this out of earshot of Eric Pietz, a former ski patroller who is now a senior marketing man at Winter Park. Pietz, said the newspaper, "would have killed him".

Having skied with Pietz in recent winters, I can confirm that Winter Park does indeed have some extremely tough skiing and equally challenging nightlife. Furthermore, as far as I know, Pietz is the only man in Colorado to have designed a "Nightlife" Trail Map guide to Winter Park's 40 bars and nightspots. Anyone who can keep up with him should be sharpening their edges for the 2002 Winter Olympics.

Another challenging outing now on offer is Winter Park's near neighbour, Berthoud Pass – a small but electrifying high-altitude ski area with some exciting deep-snow tree skiing, which has reopened after being closed for several years. Pietz took me there on the way back to Denver.

The skiing was glorious. But whether it was the early start, the altitude, the steepness of the glades, or the results of my "night-life tour" with Pietz the previous night, I was exhausted after half a dozen runs.

Orlando skiers please note.

■ *Arnie Wilson's visit to Winter Park was arranged by Thomson Ski and Snowboarding, Greater London House, Hampstead Road, London NW1 7SD, tel: 0990-329329. He stayed at the Vintage Hotel.*

Going back to the future in Poitiers

Alan Harrison and his family get the big picture at a French theme park

Kinemax, Omnimax and Imax. Cinema systems just have to have that max suffix and at Futuroscope, the French theme park, the max factor is applied with gusto.

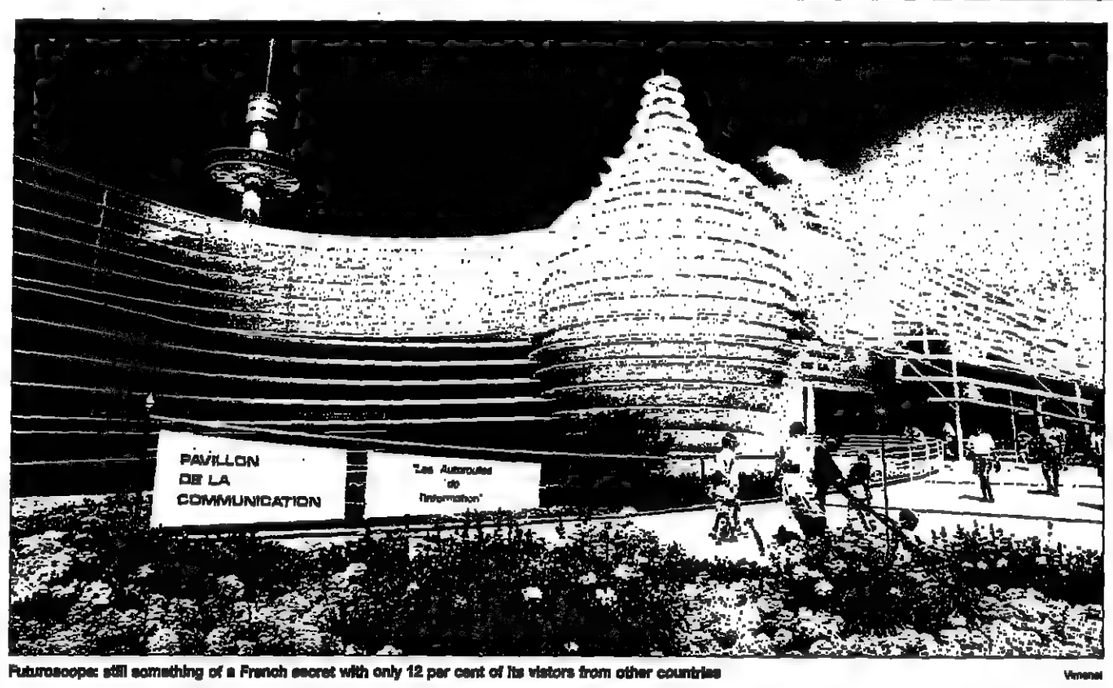
The European Park of the Moving Image, to give the Poitiers theme park its full name, shows films in these and other systems so you are always sure to get the big picture.

It is a place of superlatives. Some of their claims are: the world's biggest cinema screen, the biggest wall of TV monitors (850 of them) and the world's longest 3-D animated film – the World of Materials, which could also vie for dullest title.

The cinemas are strangely shaped buildings, some looking like huge pipe organs, quartz crystals or giant cubes. I made a watery start, taking a film trip into the kelp forests off the Californian coast, and was soon caught up in the 3-D effect by trying to brush away seaweed that seemed to be drifting only inches in front of me.

Spectacle is the keyword and even sitting safely in a cinema seat, when you step off the top of a cliff and see the ground dropping thousands of feet away beneath you – an ever-popular effect among 3-D film-makers – your stomach still does a flip. Some of the images were awesome. Try watching an iceberg break away from a glacier on a screen which is the height of a seven-storey building with full surround sound.

As well as the films there are three simulator rides and in the Fun House, a virtual ride around the inside of a pinball machine, cold air blasts your face to heighten the sensation of speed.



Futuroscope: still something of a French secret with only 12 per cent of its visitors from other countries Vennet

The park closes each evening with a light show on its lake. The images are projected on to a curtain of water which, in the dark, gives the impression of pictures appearing in mid-air. An almost life-size ocean liner appearing on the lake drew gasps of amazement.

Futuroscope is still something of a French secret, with only 12 per cent of its 3m annual visitors coming from abroad. However, all are made welcome and earphones are available to supply a translation of French dialogue.

After the Futuroscope visit, I spent two days in Poitiers itself, a small university city with its old town high on a hill. With busy roads circling the base, the town reminded me of an old woman standing on a chair gathering her skirts while mice scurried around the legs.

Futuroscope did not have the monopoly on light shows. Notre Dame la Grande, a church in the pedestrian precinct, also puts on a display at 10.30pm. The north wall of the church, with carvings of the apostles, depicts the story of the creation and was once brightly painted. The story goes that over the years the colours faded because salt vendors, who set up stalls against the wall, let the salt leach into the stone. The salt-packed stone was then found to be tasty by the local pigeons.

The wall, now protected, is plain white these days. To show what it was like originally, artists nightly project various coloured lights on to the stone to give their impression of its colourful past.

■ *Alan Harrison travelled to Futuroscope and Poitiers by Eurostar (0345 300 003) and French Rail (0171-803 3030).*

■ *He stayed at the Chateau du Clos de la Ribaudière in a quiet, tree-lined part of Chasseneuil, just four minutes from Futuroscope (05 49 52 88 66) and at the Ibis Poitiers Centre (05 49 88 30 42). The hire car was supplied by Hertz (0181-679 1777).*

■ *For further details about Futuroscope and reservations call 0171-499 8049.*

■ *Futuroscope ticket prices vary depending on the time of year. A one-day adult ticket in the low season costs FFr140 (£14.25), rising to FFr185 in the high season. Buying a two- or three-day ticket brings the cost down.*

■ *From November 15 until the end of January, children under 16 can stay free in on-site hotels and get two days' free admission to the park, when sharing their parents' room.*

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Day 10 Musandam Peninsula, Oman. In the morning we will drop anchor off the beautiful Musandam Peninsula. This little known and untouched area is a haven for birds and offers some stunning scenery.
Day 11 Muscat, Oman. This morning we explore the colourful Mutrah Harbour, with its fishing boats and market. See the Zazawi Mosque with its brilliant 22 carat gold dome, the extraordinary Al Bustan Hotel which in every way is a palace, the National History Museum and the Sultan's Palace.
Day 12 Muscat/Nizwa, Oman. Today's full day-trip into the Omani interior will be the highlight for many. We will drive through the dramatic landscape to the ancient town of Nizwa, seeing impressive forts and exploring the souks and alleys.
Day 13 Fujairah, United Arab Emirates. After lunch we will go ashore in Fujairah and see the city centre including a visit to the U.A.E's newest museum. After seeing a heritage craft village we will drive out to Bithna Oasis in the mountains to view some of the archaeological sites and the 'Friday Market'.
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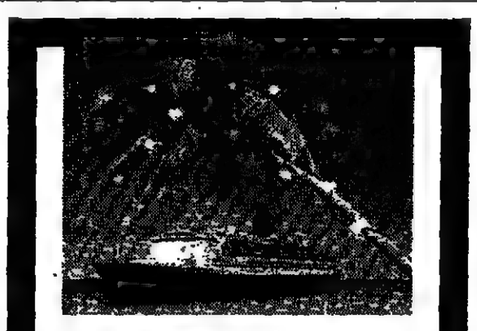

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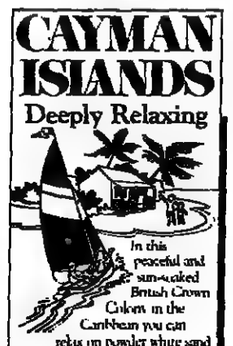

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Sporting Profile

Loner's dazzling run puts Tiger in the shade

Derek Lawrenson on David Duval, who came from nowhere to upset the top contenders vying for the title of greatest golfer in the world

To the sports fan with only a passing interest in golf it will come as no surprise to learn that a young American dominated his peers this year on the United States Tour.

He won the order of merit by the length of one of his mammoth drives and added four more titles to the three he won towards the end of 1997 to make it seven in a 12-month period, the finest winning sequence the tour has witnessed for almost 20 years. What may startle, however, is that the golfer in question is not Tiger Woods.

David Duval has none of Woods' charisma and keeps his personality firmly hidden behind his trademark wraparound sunglasses. But judged purely on events since the Ryder Cup at Valderrama 14 months ago, there is no question who has been the more successful golfer.

It has been a season that has countered completely the widely held belief that the future of the game would come down to a straight contest between Woods and Ernie Els. For starters, 41-year-old Mark O'Meara came up with his annus mirabilis in the nick of time and stole away with two major championships; in Europe Lee Westwood did more than enough to suggest he will not be happy taking a back seat.

Most of all there have been the performances of the 27-year-old Duval, who managed to play in 86 US Tour events without winning but then concluded 1997 with an astonishing sequence of three victories in a row. Any doubts that he would struggle to come up with an encore have been lost in the welter of applause. Not since Tom Watson won eight tournaments in 1979 has any player proved so prolific on the tour, and Duval has achieved it at a time when the standard of competition is universally accepted to be at an all-time high.

The sunglasses give many golfing traditionalists the wrong idea. Duval maintains he wears them to protect his sensitive blue eyes but whether it is for image or health, there is no doubt here is a young man steeped in the game. His grandfather was a teaching professional and his father, Bob, has plied his trade very successfully on the Senior Tour this year, winning more than $650,000 (£385,000).

The Duvals have seen their fair share of tragedy, however. David was just nine when his 12-year-old brother, Brent, was diagnosed with a rare blood disorder. Bone marrow was extracted from Duval's hips in an unsuccessful attempt to save his brother's life.

"David had a lot of problems after that," Bob Duval recalls. "He was just a kid, he loved his brother, and for a while he believed it was his fault that it did not work. He became more of a loner; he would never let people see his emotions."

Both inside and outside the ropes Duval remains very much the loner in control of his feelings. A missed putt will not lead to an angry toss of the offending implement towards his caddie, as is invariably the case with Woods. Birdies will often be accumulated without so much as the hint of a smile.

Off the course, reporters' questions will frequently bring ambiguous answers. Asked last year by one journalist why he had suddenly acquired the winning habit, Duval told him he had absolutely no idea. As for personal questions, they rarely get beyond first base.

Duval is aware of his reputation but not troubled by it. "It is like there should be this asterisk by my name," he told Sports Illustrated. "Down at the bottom of the page it would say: 'Difficult to get to know. Easy to misunderstand.' "

"The game lends itself to loners, let's face it," says Bob Duval.

If the devastating loss of his brother unwittingly accelerated the development of the inner golfer, the making of Duval on the course undoubtedly came at the 1996 President's Cup.

This is a team contest, on Ryder Cup lines, that is held in non-Ryder Cup years and features the US against the Rest of the World. Hard as it is to believe now, Duval had a reputation at the time as a choker, which made him not just a surprising captain's pick but a controversial one.

Duval showed a new maturity under pressure, however, winning four matches out of four. He demonstrated to himself that he could remain calm and relaxed over the closing holes, and the confidence engendered led to him doing something about his physique.

At the time, the six-footer was a stocky 220 pounds, but after talking to other players about their exercise programmes, he embarked on one of his own that became more intense as the weight fell off. Now weighing an ideal 180, Duval says: "I found out that I like the feeling of really pushing myself. You have to conquer obstacles in life, and working on your body is something where you can see results. It makes me feel better, perhaps because it is a form of gaining control."

> A missed putt will not lead to an angry toss of the offending implement towards his caddie

Bob Duval turned 50 in 1997 and it was David Duval who persuaded him to try his luck on the Senior Tour. At the time he was a reasonably successful club pro but the gamble has worked spectacularly, and he is quick to pay tribute to the role his son played in giving him the confidence to make the move.

Now they have become the most proficient father and son act since Percy and Peter Alliss. But while Bob Duval makes a wonderful living, David Duval has it within him to become a name for all time.

The statistics are simply dazzling. Duval is first by a country mile in the par-breakers category, the percentage of holes that a player has birdied or eagled; he is also first in putting, first in total driving (length as well as accuracy) and tied fourth in hitting greens in regulation.

This year his victories have come in three different time zones and been spread equally across four seasons. He can win on a traditional course such as Firestone as well as a target golf venue such as the Woodlands. While Woods will always be favoured to win the Masters and the Open but less so the US Open and the USPGA, Duval has a more consistent, less spectacular, game that suits any course, any venue.

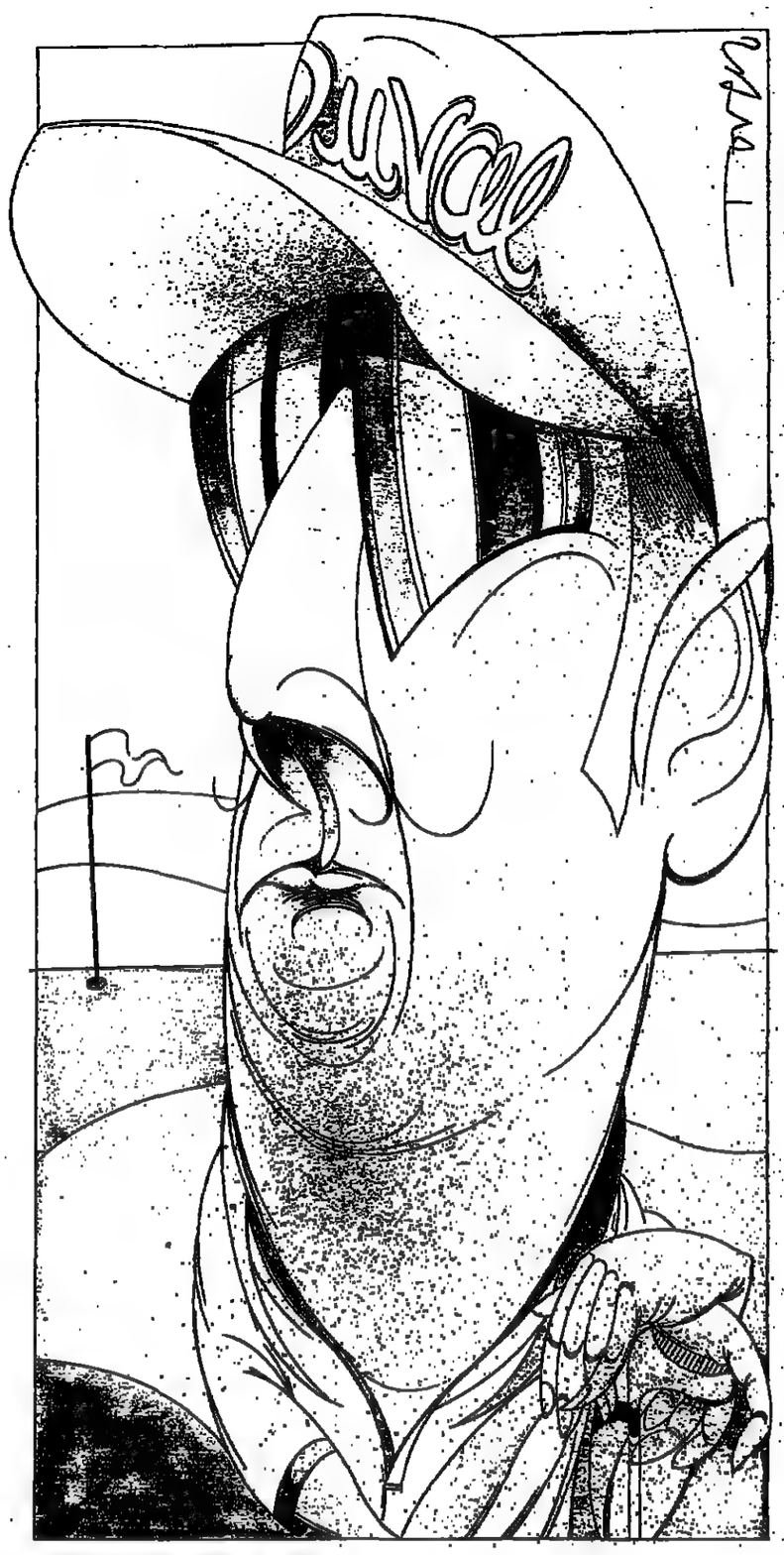
"If I was offered Woods' game from the tee or Duval's I would choose David's every time," says Mark Calcavecchia. "He may not be quite as long but he is more accurate. From where he hits his second shots, every golf course is easy, and his short game is as good as his long game."

The difference is that Woods, with his uncanny ability to make things happen, already has one major championship to his name at the age of 22 while Duval has none at 27. There again, while Woods was being prepared for greatness by his father before his teenage years, Duval was trying to cope with the devastating loss of a sibling.

It is not surprising, therefore, that in Woodsian terms he is a late developer. But Duval has now reached the same stage as his younger rival, where only victories in the four majors will determine his ranking in the all-time list.

He has time on his side to make an indelible impression, and at Augusta last April he was in contention for the first time, only losing to O'Meara's sumptuous finish of two birdies on the final two holes.

If Duval's life story reveals anything, it is that he learns from such episodes. Behind the sunglasses a bright mind works constantly, determined to push on and overcome.



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Michael Thompson-Noel

The fastest man on two crutches

Canada's Donovan Bailey, the world's fastest man, was in rueful mood this week when discussing the run of injuries he has suffered this year, including the potentially career-ending ruptured Achilles tendon he sustained in September.

Since last December, Bailey has been in a car accident, suffered back and shoulder injuries, torn a quadriceps muscle and bruised a heel, in addition to the Achilles injury. All of which has fuelled speculation that, at 30, his career may be over. As recently as August, though, Bailey ran the 100 metres in the Canadian championships in a respectable 9.93 seconds, against his world record of 9.84 secs, established at the 1996 Atlanta Olympics.

"I'd like to see what I can do one day healthy," said Bailey. However, he also pointed out that this year he had beaten all his main rivals. He was particularly contemptuous of Trinidad's world 200 metres champion, Ato Boldon, who won the Commonwealth Games 100 title last month and has been edging closer to Bailey's world record.

"He cracks at every 100 metres championship," scoffed Bailey, adding that life as a champion was "about stepping up and running when it matters". He claims there is no threat to his status as the world's fastest man, though he admits the hyperbolic trash-talking of track and field slightly upset his focus this year, and confesses, winningly, that he got "caught up in the things being said by the other – less intelligent – competitors".

Someone Bailey has no time for is fellow Canadian sprinter Ben Johnson, who was stripped of his Olympic gold medal in Seoul in 1988 for taking steroids, and is banned for life. Recently, Johnson ran a charity race against a horse and a car. "He's making track and field, and track and field athletes, look like the three-ring circus," said Bailey grumpily.

At present, Bailey is hobbling on crutches because of his Achilles injury, though he spends hours in the swimming pool each day, and on special machines, hoping to be able to stage a comeback. If he cannot race again, he says, he will quit with no regrets. Yet he feels it is his right "to finish the way I want to finish" – on the track, in a buzzingly fast race, squashing the trash-talkers underfoot.

□□□

Can the world's forests survive the assaults of publishers eagerly cranking out more and more soccer books? Soon, the planet will be denuded. All we will have to show for it will be mile-high piles of soccer books.

Yet some have their moments. Harry Redknapp's frank and funny autobiography, for example, published this week (CollinsWillow, £16.99), deals excellently with many topics, not least the army of "foreign mercenaries" – Redknapp's phrase – the West Ham manager has signed in recent years: players lusting for the mega earnings on offer in the English Premiership but who had no loyalty towards West Ham Football Club.

Some of the foreigners were big hits, claims Redknapp, others embarrassing failures, but what fans must remember, he says, was that he was operating on a shoestring budget. He says most of his foreign players were bargain-basement buys, such as Florin Raducioiu, the Romanian international Redknapp bought from Spanish club Español for £1.5m in August 1996.

Raducioiu had been a superstar for Romania in the 1990 and 1994 World Cups, but he certainly wasn't a superstar for West Ham. The Romanian was a quality finisher and exceedingly fast, but the moment things turned physical he just didn't want to know, says his former manager.

"Don't ask me to explain how a former world-class player can suddenly become a fairy, but something had obviously happened to Raducioiu and he'd completely lost it," moans Redknapp. "He'd been used to queueing for three hours in Bucharest for a loaf of bread and suddenly he was wearing a £28,000 watch. Perhaps the transition was too much."

Donovan Bailey wins the 100 metres at Nuremberg in July AP

When the season started, says Redknapp, the West Ham players did not take to Raducioiu at all. They were affronted. "They all thought he was a big tart. Raducioiu went on record as saying he wasn't being given a chance by me, and I must admit I took a bit of stick from some of the fans. One or two claimed I couldn't handle big-name players. But the rest of the dressing room had seen through him. They knew what he was like."

Eventually, Español agreed to take Raducioiu back, for £1m, because they'd just appointed a Romanian coach, though it "didn't take long for Español to bomb him out, and now he's no longer a member of the Romanian side. A career in terminal decline."

□□□

When not dipping into the Redknapp book, I spent time this week flipping through the annual report and accounts of another London-based English Premiership club, Tottenham Hotspur, and, more interestingly, through Spurs' 36-page "official" merchandise catalogue (can there possibly be an unofficial one?) for the current season.

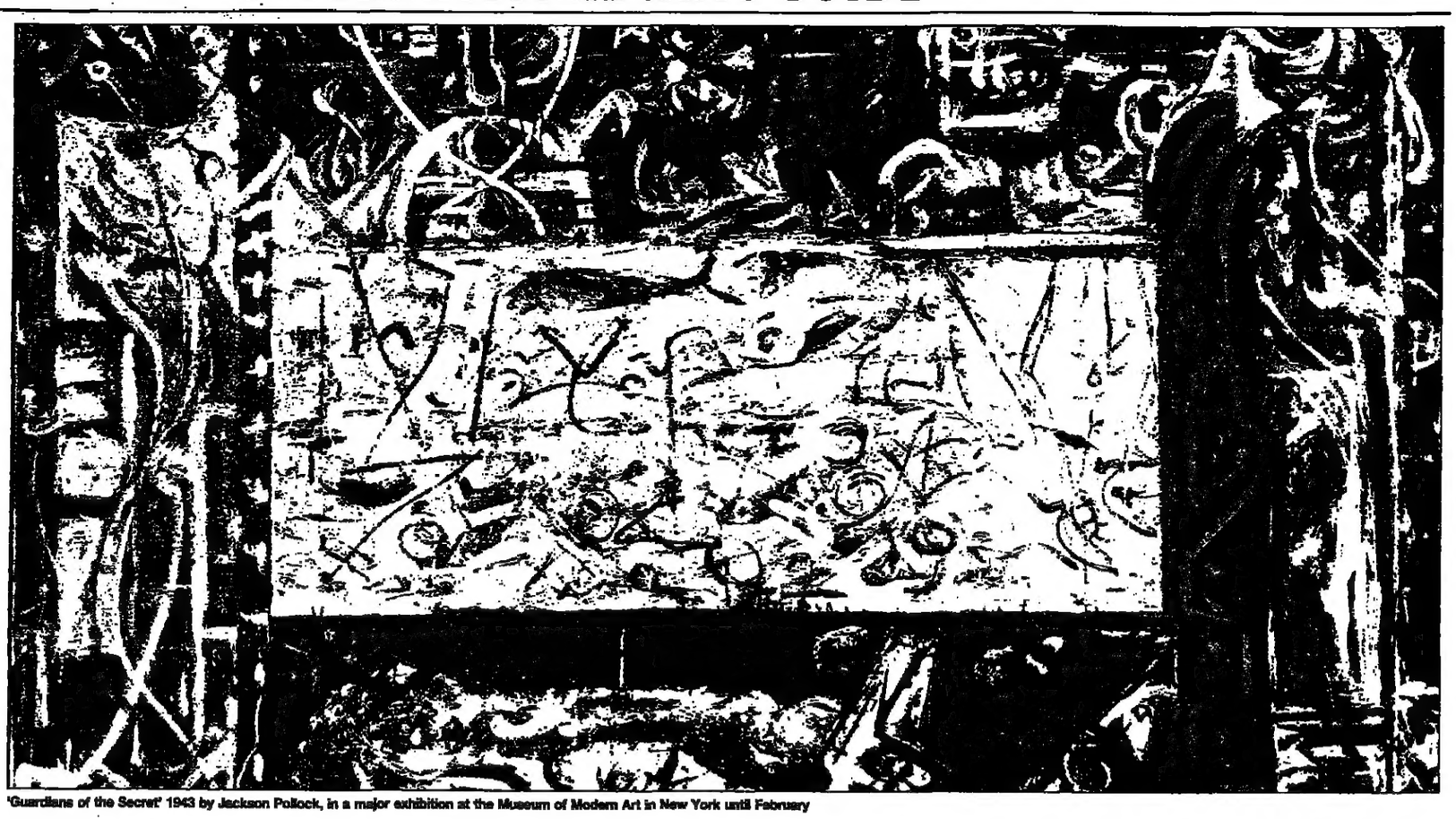
Presumably, all self-respecting Spurs fans have a copy of the catalogue. I am not a fan, merely a hard-hearted and opportunistic shareholder, though even a tough cookie such as me has to confess to being touched, almost to tears, by the titanic amount of truly weird junk Spurs fans can buy.

The posters of the main Spurs player-hunks – Ginola, Campbell, Ferdinand, Tramezzani – are good value at £2.50 each, and I shall buy quite a few. But posters are only the start. The strangest merchandise crops up in the catalogue's "Spurs Tiny Terrors" section, offering all sorts of stuff, some of it in club colours, for the post-modern Spurs baby: baby snow suits, sleepsuits, romper suits, T-shirts, pop-on-bibs, booties, socks, hats and caps. I know Spurs fans are weird. What I didn't know was that outstanding weirdness is encouraged among Spurs infants.

هكذا من الأصل

INTERNATIONAL ARTS GUIDE

What's on around the world



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● Van Gogh in the Rijksmuseum: during the period of the Van Gogh Museum's closure for renovation and building work, a selection of its finest holdings will be exhibited in the Rijksmuseum's South Wing; to Mar 7
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Tel: 31-20-5732911
www.stedelijk.nl
● Bill Viola, 25 Year Survey - A Video Journey: major survey of work by the American video artist. Includes more than 15 installations and 20 video tapes, as well as sketches and notes; to Nov 29

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
● The Rake's Progress: by Stravinsky. Conducted by Reinbert de Leeuw in a staging by Peter Sellars. Cast includes Donald McIntyre, Thomas Randle and Willard White; Nov 7, 10, 12

■ BIRMINGHAM

EXHIBITIONS
Birmingham Museums and Art Gallery
Tel: 44-121-235 2834
● Sir Edward Burne-Jones: comprising more than 200 works, including tapestries and jewellery as well as paintings. A second generation Pre-Raphaelite, Burne-Jones also had a lifelong working relationship with William Morris, for whose firm he worked as a principal designer. The exhibition will travel to Paris next year; to Jan 17

■ BOSTON

EXHIBITIONS
Museum of Fine Arts, Boston
Tel: 1-617-267 9300
● Monet in the 20th Century: more than 80 works painted by the artist in the last decades of his life. Beginning with paintings of the garden at Giverny, the show concludes with five of the monumental waterlily paintings that Monet called Grandes Décorations; to Dec 27

■ CHICAGO

EXHIBITIONS
Art Institute Of Chicago
Tel: 1-312-443 3600
www.artic.edu
● Art and Archaeology of Ancient West Mexico: more than 200 works, including terracotta figures found in tombs, and findings of recent excavations. Many of these objects have never before been publicly exhibited; to Dec 6
● Japan 2000: Kisho Kurokawa. This finale of a trio of exhibitions is a celebration of the work of one of Japan's most distinguished architects. The exhibition will travel?...; Kisho Kurokawa Gallery; to Jan 3
● Julia Margaret Cameron's Women: 60 vintage prints of Victorian subjects such as Julia Jackson, mother of Virginia Woolf, and Alice Liddell. Cameron's portraits of Browning, Darwin and Tennyson are well known. Her dramatic, psychological pictures of women are less familiar. The exhibition will travel to San Francisco; to Jan 3
● Mary Cassatt: Modern Woman. 125 paintings, drawings and prints by the only American invited to exhibit in the Impressionist exhibitions in Paris. Closely associated with Degas, Monet and Pisarro, in later life she became a celebrated collector and patron. The show will travel to Boston and Washington in 1999; to Jan 10

OPERA
Lyric Opera of Chicago
Tel: 1-312-332 2244
www.lyricopera.org
● Ariadne auf Naxos: by R. Strauss. New production by John Cox, conducted by Robert Spano. Cast includes Deborah Voigt and Susan Graham; Nov 12
● Mourning Becomes Electra: by Martin David Levy. New production by Liviu Ciulei, conducted by Richard Buckley; Nov 7

■ COPENHAGEN

EXHIBITIONS
Louisiana Museum of Modern Art, Humlebaek
Tel: 45-4919 0719
www.louisiana.dk
● Joan Miró: major retrospective comprising 140 paintings, drawings and sculptures, including works borrowed from the artist's family since the exhibition was shown in Stockholm over the summer; to Jan 10

■ EDINBURGH

EXHIBITIONS
Royal Museum
Tel: 44-131-225 7534
www.nms.ac.uk
● Chinese Lacquer: 48 objects selected from the museum's lacquerware collection, the oldest of which is more than 2,000 years old. Highlights include an eared cup from the Han dynasty and two 18th century Qing thrones; to Mar 28
Scottish National Portrait Gallery
Tel: 44-131-624 6200
● Robin Gillanders: Little Sparta. Photographs of the painter Ian Hamilton Findlay's garden at Dunsyre in the Pentland Hills. Gillanders has been working there since 1993, and the display includes a range of collaborative works - posters, prints and postcards; to Nov 29

■ FRANKFURT

EXHIBITIONS
Schirn Kunsthalle
Tel: 49-69-299 8820
● Alberto Giacometti: retrospective of work by the Swiss sculptor and painter. Also featuring prints and drawings, the exhibition charts Giacometti's artistic output from his early years in 1920s Paris to his death in 1966; to Jan 3

■ GLASGOW

OPERA
Theatre Royal
Tel: 44-141-332 9000
● Scottish Opera: Tristan und Isolde, by Wagner, in a production by Yannis Kokkos, directed here by Peter Watson and conducted by Richard Armstrong. Cast includes Jeffrey Lawton and Eva-Maria Bundschuh; Nov 7

■ HELSINKI

DANCE
Finnish National Ballet
Tel: 358-9-403 021
● Giselle: staging by Sylvie Guillem, who herself dances the title role on Oct 16 and 20. With sets and costumes by Ramón B ivars. Conducted by David Garforth; Nov 7, 12

EXHIBITIONS
Museum of Contemporary Art
Tel: 358-0-173 361
● Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship with language, and includes sound and video installations as well as neon pieces like One hundred live and die (1984); to Jan 24

■ HOUSTON

EXHIBITIONS
Museum of Fine Arts, Houston
Tel: 1-713-639 7750
www.mfah.org
● A Grand Design: The Art of the Victoria and Albert Museum. North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy..The exhibition will travel to San Francisco next year, before returning to London where it will be displayed in the V&A itself; to Jan 10

■ LONDON

CONCERTS
Barbican Hall
Tel: 44-171-638 8891
● London Symphony Orchestra: Michael Tilson Thomas conducts a series of works by Stravinsky; Nov 8

DANCE
Sadler's Wells
Tel: 44-171-863 8000
● Rambert Dance Company: Cruel Garden, by Lindsay Kemp and Christopher Bruce. Evocation of the life and work of Federico Garcia Lorca, set to music by Carlos Miranda, performed by London Musici; Nov 10, 11, 12, 13

EXHIBITIONS
Barbican Centre
Tel: 44-171-638 8891
www.barbican.org.uk
● Cindy Sherman: retrospective tracing the New York-based artist's development from the 1970s to the present. Consisting of 156 works, this show presents selections from each of her major series, including Untitled Film Stills (1977-80), Centrefolds (1981) and Fairy Tales (1985). The exhibition will travel to Bordeaux, Sydney and Toronto; to Dec 13
National Gallery
Tel: 44-171-839 3321
● Mirror Image: Jonathan Miller on Reflection. Show exploring the representation of mirrors in art, curated by Miller and featuring loans from public and private collections. Includes Van Eyck's famous Arnolfini Portrait, and works by Freud, Caillebotte and George Romney; to Dec 13
Royal Academy of Arts
Tel: 44-171-300 8000
● Charlotte Salomon: born in Berlin in 1917, Charlotte Salomon died in Auschwitz in 1943, after living in hiding in the south of France for three years, during which time she produced a series of 769 gouaches called Life? Or Theatre?, exhibited here, which has been interpreted as a form of self-protection against the violence of the Nazi era; to Jan 17
● Picasso: Sculptor and Painter in Clay. This first major exhibition of Picasso's ceramics will include around 100 pieces, many of which have never before been exhibited. They will be shown with some paintings and sculptures, demonstrating how Picasso developed his ideas across different media; to Jan 1
Tate Gallery
Tel: 44-171-887 8000
● John Singer Sargent: large-scale retrospective containing 150 paintings, including major public and private loans. Includes late landscapes and American and British society portraits from the 1880s to the early 1900s; to Jan 17
Victoria and Albert Museum
Tel: 44-171-938 8500
● Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. A member of the fin-de-siècle avant-garde, Beardsley left England for Dieppe following Wilde's disastrous libel action and subsequent imprisonment in 1895. The exhibition, which arrives in London after touring in Japan, marks the centenary of Beardsley's tragically early death, aged 25; to Jan 10
● Grinling Gibbons and the Art of Carving: drawings, carvings and religious reliefs are displayed alongside the Cosimo panel, commissioned by Charles II and the woodcarver's masterpiece. The exhibition also aims to present some historical context; to Jan 31

OPERA
English National Opera, London Coliseum
Tel: 44-171-632 8300
● Boris Godunov: by Mussorgsky. Conducted by Paul Daniel (Noel Davies from Dec 2) in a new staging by Francesca Zambello, with sets by Hildegard Bechtler. John Tomlinson (Gidon Saks from Dec 2) sings the title role; Nov 11
● Mary Stuart: by Donizetti. Conducted by Jean-Yves Ossonce (Noel Davies from Nov 7) in a new staging by Gale Edwards, with costumes by Jasper Conran. Ann Murray sings the title role, with Susan Parry as Elizabeth; Nov 7, 10

■ MILAN

OPERA
Teatro alla Scala
Tel: 39-02-88791
www.lascala.milano.it
● L' Elisir d' Amore: by Donizetti. Massimo Zanetti conducts a staging by Ugo Chiti, with designs by Tullio Pericoli. Mariella Devia sings the role of Adina; Nov 8

■ MUNICH

EXHIBITIONS
Haus der Kunst
Tel: 49-89-211270
● Lyonel Feininger (1871-1956): From Gelmeroda to Manhattan. First comprehensive retrospective of the German-American painter, who was forced to leave Germany during the 1930s and subsequently worked in New York. The 120 works on display include important public and private loans, and paintings by some of Feininger's contemporaries; to Jan 24
● The Night: exploring the development of the nocturne, or night time scene, in western art from the 15th to the 20th century. Includes early examples by artists including Cranach, baroque works by Caravaggio and his followers, and works by the German romantics. Other artists represented include Goya, Munch, Max Ernst and Magritte; to Feb 7

OPERA
Bayerische Staatsoper
Tel: 49-89-2185 1920
www.staatstheater.bayern.de
● Der Freischütz: by Weber. Conducted by Zubin Mehta in a new production by Thomas Langhoff, with designs by Jürgen Rose. Cast includes Petra-Maria Schnitzer and Peter Seiffert; Nov 7, 12

■ NEW YORK

EXHIBITIONS
Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
● 1999, Rendezvous: in their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the Musée national d'art moderne for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. The display, which seeks to highlight differences as well as similarities between the collections, includes works by Picasso, Matisse, Kandinsky and Chagall; to Jan 24
Guggenheim Museum SoHo
Tel: 1-212-423 3500
www.guggenheim.org
● Premises: Invested Spaces in Visual Arts, Architecture & Design from France, 1958-1998. Exploration of the different ways in which artists have engaged with space. Display ranges across installation, film, video, photography and architecture. Includes works by Yves Klein, Le Corbusier, Louise Bourgeois and Sophie Calle; to Jan 10
Metropolitan Museum of Art
Tel: 1-212-879 5500
www.metmuseum.org
● Degas Photographs: bringing together 35-40 photographs, most of which were made in the 1890s. Mainly they are figure studies, self-portraits and portraits of the artist's circle; to Jan 3
● From Van Eyck to Brueghel: Early Netherlandish Paintings. Almost 100 paintings from the collection, exhibited together for the first time; to Jan 3
● Heroic Armour of the Italian Renaissance: Filippo Negroli and His Contemporaries. Comprehensive survey of the classically inspired armour made by the most celebrated Italian armourer of the 16th century. Includes more than 60 richly decorated suits of armour, worn by Renaissance kings and captains. Includes public and private loans from Europe and North America; to Jan 17
● Letters in Gold: Ottoman Calligraphy from the Sakip Sabanci Collection, Istanbul. 70 objects ranging from the 15th to the 20th century. Includes manuscripts, panels and scrolls; to Dec 13
● Louis Comfort Tiffany: celebrating the 150th anniversary of the artist's birth, this exhibition, drawn from the museum's collection, includes leaded-glass windows and lamps, vases, furniture, enamels and jewellery. A selection of drawings will also be on display; to Jan 1
● The Nature of Islamic Ornament, Part II: Vegetal Patterns. Second in a four-part series on Islamic ornament from the 9th to the 18th century. Includes rare brocades and carpets; to Jan 10
Museum of Modern Art
Tel: 1-212-708 9480
www.moma.org
● Jackson Pollock: first US retrospective of the Abstract Expressionist since that held at MOMA in 1967. Including more than 100 paintings and 50 works on paper, the show promises to be a highlight of the New York art calendar - then transferring to London; to Feb 2
Pierpont Morgan Library
Tel: 1-212-685 0008
● Master Drawings from The State Hermitage Museum: , St. Petersburg, and The Pushkin State Museum of Fine Arts, Moscow. 120 European drawings dating from the 15th to the 20th centuries, some of which have never before been exhibited outside Russia. Includes works by Rembrandt and Dürer, with emphasis on the modernists Matisse and Picasso; to Jan 6
Whitney Museum of American Art
Tel: 1-212-3272801
● Mark Rothko: major retrospective of the American abstract artist, including loans from Europe and Japan. The 100 works on display encompass all phases of Rothko's career, from the late 1920s to 1970, with an emphasis placed on the so-called surrealist and classic periods. The show arrives from Washington and will be in Paris, at the Musée d'Art Moderne de la Ville, through the winter (dates to be announced); to Nov 29

OPERA
Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
● Le Nozze di Figaro: by Mozart. New staging by Jonathan Miller, with designs by Peter Davison. The cast is headed by Renée Fleming, Cecilia Bartoli and Bryn Terfel, and the conductor is James Levine; Nov 7, 11

■ PARIS

EXHIBITIONS
Couvent des Cordeliers
Tel: 33-1-4046 0547
● S'asseoir au XXe siècle: display devoted to the evolution of the chair, including major examples of 20th century design; to Dec 17
Grand Palais
Tel: 33-1-4413 1730
● Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition will has been seen in Washington and Bergamo; to Jan 11
Musée d'Art Moderne de la Ville de Paris
Tel: 33-1-5367 4000
● La Collection du Centres Georges Pompidou: 200 works from the Musée national d'art moderne will be displayed here in three sections during the period of the Centre's renovation. The exhibition will consider the contribution of artists such as Matisse, Picasso and Kandinsky to the great art movements of this century. Other sections will explore Surrealism and the New Realism; to Sep 13
Musée d'Orsay
Tel: 33-1-4049 4814
www.Musee-Orsay.fr
● Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both artists, many of them on loan from the Van Gogh Museum in Amsterdam; to Jan 3
Musée du Louvre
Tel: 33-1-4020 5151
www.louvre.fr
● Portraits from Roman Egypt: touring exhibition of mummy portraits, originated at the British Museum. Painted on wooden panels, linen shrouds and plaster masks, they were created during the first three centuries of Roman rule in Egypt; to Jan 4

■ PHILADELPHIA

EXHIBITIONS
Philadelphia Museum of Art
Tel: 1-215-763 8100
www.philamuseum.org
● Delacroix: The Late Work. Organised to celebrate the 200th anniversary of the artist's birth, this exhibition, first seen in Paris, includes 70 paintings and 40 works on paper from private and public collections around the world; to Jan 3

■ PROVIDENCE

EXHIBITIONS
The RISD Museum
● Gifts of the Nile: Ancient Egyptian Faience. Display of ceramics, known as faience, a mixture worked by the Egyptians and regarded by them as magical. Brings together over 200 works, including statuettes of kings and gods, animals and inlaid boxes ranging over 5,000 years; to Jan 3

■ SAN FRANCISCO

EXHIBITIONS
San Francisco Museum of Modern Art
www.sfmoma.org
● Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally innovative sculpture. Alongside the mobiles and stabiles are selected paintings, drawings and jewellery, presenting the breadth of the artist's career on the occasion of the centenary of his birth. The exhibition has already been seen in Washington (mention Barcelona); to Dec 1

■ STOCKHOLM

EXHIBITIONS
Moderna Museet
Tel: 46-8-5195 5200
www.modernamuseet.se
● In Visible Light: Photography and Classification in Art, Science and the Everyday. Traces the evolution of photography from its anthropological and scientific applications in the late 19th century to works by artists including Andy Warhol and Cindy Sherman; to Nov 15
● The Desiring Eye: 220 works spanning the history of photography, from the 1840s to the present. Includes works by Hill-Adamson, Julia Margaret Cameron, Nadar, Alfred Stieglitz, Man Ray and Berenice Abbott; to Nov 15

■ TOKYO

EXHIBITIONS
Metropolitan Museum of Photography
Tel: 81-3-3280 0031
● Love's Body: Rethinking Naked and Nude in Photography. Includes works by Alfred Stieglitz, Robert Mapplethorpe and Catherine Opie; from Nov 12 to Jan 17

■ WASHINGTON

EXHIBITIONS
National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
● Bernini's Rome: Italian Baroque Terracottas from the State Hermitage Museum, St. Petersburg. 35 rarely exhibited sculptures, bought by Tsar Paul I from Filippo Farsetti. Among the 14 artists represented are Bernini and Algardi; to Jan 18
● Van Gogh's Van Goghs: 70 paintings loaned by the Van Gogh Museum in Amsterdam. Includes such icons as The Potato Eaters (1885), Self-Portrait as an Artist (1888), The Harvest (1888) and Wheatfield with Crows (1890); to Jan 3
Phillips Collection
Tel: 1-202-387 2151
● Impressionists in Winter: Effets de Neige. Inspired by Sisley's Snow at Louveciennes, this display includes 62 works from 44 collections. Artists represented include Monet, Pisarro, Caillebotte and Renoir; to Jan 3

OPERA
Washington Opera, Kennedy Center
Tel: 1-202-295 2400
www.dc-opera.org
● Fedora: by Giordano. Conducted by Roberto Abbado in a production by Lamberto Puggelli, directed here by David Edwards, and designed by Luisa Spinatelli. The cast is led by Mirella Freni and Placido Domingo; Nov 9

■ ZURICH

EXHIBITIONS
Kunsthaus Zurich
Tel: 41-1-251 6765
● Max Beckmann and Paris: more than 100 masterpieces of modern art from public and private collections around the world. Works by Beckmann are shown alongside paintings by Matisse, Picasso, Braque, Léger and Rouault; to Jan 3

Arts Guide by Susanna Rustin
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e-mail: artbase@pi.net

Weekend Investor

Wall Street

Big is not so beautiful any more

John Authers finds that perceptions of corporate America are changing fast

This week brought a few signs that Americans were not treating life wholly seriously: indeed, that they might even be avoiding reality. The nation dived into fancy dress for Hallowe'en. And then, on Tuesday, it goggled as a former professional wrestler named Jesse "The Body" Ventura was elected as governor of Minnesota.

Wall Street seemed to be exercising the same kind of judgment as the voters of Minnesota. Obsessed by the decision of Alan "The Money" Greenspan to cut interest rates, they made October the single best month for the Dow Jones Industrial Average since January 1987, with a gain of more than 10 per cent. November has started in similar vein and the Dow is back within striking distance of 9,000.

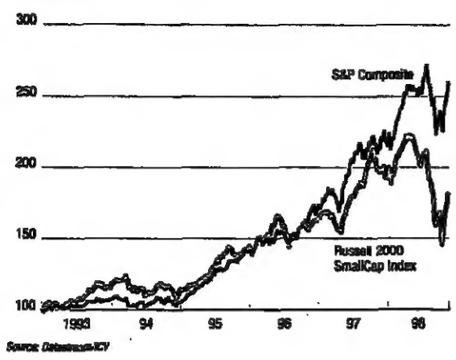
Using arbitrary measures, the stock market dive from July into September has now been labelled a "correction" and not the start of a "bear market". Optimistic forecasts are being reinstated and money is trickling back into the corporate bond markets which, at one point, seemed to have dried up.

Further warmth for the market came from Florida, where Abby "The Bull" Cohen, Goldman Sachs' equity strategist who is famously optimistic about the market, said confidently that she saw no reason to change her forecast for the year-end which she had made in January. This would see the Dow at about 9,300, roughly back to its highs.

Greenspan commented at the same meeting that the "current episode of investor fright" appeared to be receding. The yield on the Treasury bond is beginning to retreat to more normal levels – it is now about 5.40 per cent, having dipped below 5 per cent for a while – and some signs of normality are returning.

If the past few months were just a "correction" after all, it is interesting to note that the strongest performers since August 31, when the market troughed, are all drawn from sectors that had taken a particular pounding. These include computer hardware makers and semiconductor manufacturers. Companies such as Micron Technology and Seagate are up more than 70 per cent in the last two months.

The smaller boys are ready to move ahead
Indices rebased



Source: Datastream/ICV

Basic materials companies such as Bethlehem Steel which is up more than 46 per cent since August, and mining companies have also rebounded strongly. The top internet companies are back to their headiest heights, too, with America Online and Amazon.com at or near all-time highs. Charles Schwab, the dominant internet broker and, as such, a wonderful leading indicator of buoyancy in the markets, has gained 95.4 per cent since the end of August.

Other companies have not enjoyed the same recovery, though. Gillette and other consumer branded companies dipped, and have stayed down. But, most significantly, smaller companies have started to outperform the large caps that have dominated the market for several years.

Indeed, size, and particularly the grand merger, has gone suddenly out of fashion, as events in the banking sector illustrate. Last weekend, Citigroup, the result of the massive merger of Citicorp and Travelers Group, said it had decided on a completely different strategy for integrating its corporate businesses.

Wall Street reacted by taking a new look at the valuation it was prepared to put on Citigroup shares. All along, they had been valued on the assumption that the group's executives had a plan to make it work, even though they had not told the market about it. The sudden change of course revealed that executives had never bothered to think through what they were going to do.

Citigroup's price-earnings multiple is now 15. Its share price, wavering at around $46 yesterday, is well above its lows but values the bank at about $100bn – way below the $166bn at which the combined entity would have been worth when the merger was announced.

Contrast this with America's 31st largest bank, Fifth Third Bancorp of Cincinnati. On almost every benchmark, it is the most efficient bank in America. Its idea of expansion is to move from Ohio into Indiana and Kentucky. It has never done a big deal and it has total assets of about $30bn – $700bn or so less than Citigroup's.

In spite of this disparity, its market value is about $16.5bn. And it trades off a price-earnings multiple of 44, three times that of Citigroup. Its shares hit a new high this week, and are up more than 71 per cent since their low point of the year.

Americans elsewhere might have been entranced by vast muscular bodies but, in its corrected state, the market seems to be saying that size is not everything.

Dow Jones Ind Average

Monday	8,706.67 +	114.05
Tuesday	8,706.15 –	00.52
Wednesday	8,783.14 +	76.99
Thursday	8,915.47 +	132.33
Friday		

London

Taking pride in perversity

Philip Coggan looks into a case of ingratitude

Some people are never grateful. The Bank of England gave the equity market the half percentage point cut in interest rates for which many people had been calling, and how did it respond? A 143-point fall in the FTSE 100 index.

The stock market is in one of those phases where it seems to take a pride in being perverse. For the past month or so, gloomy economic news has been treated as an excuse to pile into shares on the ground that this made interest rate cuts more likely.

Of course, one of the oldest stock market mantras is "buy on the rumour, sell on the news". So, it could just be that, in spite of most economists predicting only a quarter-point rate cut, the markets had priced in a half-point change. The confirmation of their hopes gave them an excuse to take some profits.

And there were a lot of profits to take. From the low on October 5, Footsie has rebounded almost 1,000 points, or 21 per cent, in a month. That is a pretty strong rally by anybody's standards.

The talk among market-makers was that a classic "bear squeeze" had occurred, whereby those people who were negative on the market had been forced to chase stock as share prices ran away from them. But one should not forget the international background. Markets all round the world are surging ahead as if the problems of August and September were all forgotten.

On Wall Street, the Dow Jones Industrial Average is back near 9,000 (after being 7,500 at the end of August) while Germany's Dax, below 4,000 early in October, is approaching 5,000. Even the Asian markets have been rallying strongly, with Indonesia and Thailand both up 60 per cent in October.

Central banks have done the trick. While rates have not been cut in the core European countries of Germany and France, other European nations have been reducing their rates in line with the euro process. Most important of all, the US Federal Reserve has twice cut rates and signalled it will act decisively to keep the American economy moving ahead.

Concerns about the health of the world financial system, which reached a peak after the near default of Russia and the rescue package for the US hedge fund, Long-Term Capital Management, seem to have abated.

However, the outlook for the world economy in 1999, and for corporate profits in particular, does not seem to have improved. "The swift response from the monetary authorities is welcome," says Richard Kersley, strategist at Credit Suisse First Boston.

Twisted market: down it went after the rate cut — Kobal Collection

Rate cuts make equities look less expensive
Equity Earnings yield to cash ratio
Projected twelve months forward equity earnings divided by three month interbank rate

Source: Datastream/ICV

Highlights of the week

	Price yday	Change on week	52 week High	52 week Low	
FTSE 100 Index	5491.0	+52.6	6179.0	4649.7	Interest rate cut
AEA Technology	812½	+82½	1030	430	Institutional investor places big buy order
British Airways	405	-29	721	303½	Fall in business class passengers
BP	913	+36	972	708½	Merger with Amoco
CMG	1580	+180	2297½	662½	Strength in information technology sector
Graham Group	133½	-26	200	107½	Downgrade
ICI	590	+53½	1244	412	Recovery from weakness
Lonrho	124	-44½	806½	119	Profits warning
Low & Bonar	182½	-13½	420	165	Broker downgrade
Marks & Spencer	410	-32½	683	363¼	Results and downgrades
Matthew Clark	239½	+42	242	115	Bid
Micro Focus	130	-55	721	102	Profits warning/lack of Y2K demand in US
Parity	410	-42½	862½	381	Fears of fall in demand for contract IT staff
Siebe	209	-36	395	168¼	Fears of downturn in global economies
Vodafone	834	+34	990	298	Investors seek growth in mobile phones

"But it may not reverse the poor news flow from the corporate sector very quickly. The bottom-up forecasts for UK corporate earnings in 1999 are still probably 15 per cent too high."

There was plenty of evidence this week of how the pain was hitting home.

Marks and Spencer, the doyen of the UK retail sector, revealed its first profits decline in seven years and warned that it would not meet its sales targets for the rest of the year. It said there had been an unexpectedly sharp downturn in clothing sales during September and October.

Royal Dutch/Shell reported a 56 per cent drop in third-quarter earnings, citing weak oil and petrochemical prices and the Asian recession. Royal & Sun Alliance, the composite insurance group, saw its nine-month operating profits more than halved because of weather-related losses and commercial property claims.

It is reasonable to assume that the next few months will see a stream of similar statements and disappointments from companies struggling to increase profits at a time when demand (external and domestic) is sluggish and it is extremely difficult to raise prices. Companies that can manage to grow in such circumstances seem likely to attract a premium rating.

In the recent rally, one company that really has prospered is Colt Telecom. Its share price has gained 85 per cent in a month.

The words "premium rating" scarcely apply to Colt, which is not expected to make a profit until 2002. Thus, it has no price-earnings ratio.

But the company, which offers direct fibre optic cable communications to business customers in big cities, has a record of meeting financial and technical targets and third-quarter sales figures, released this week, were well ahead of analysts' expectations.

So, investors can drool about the long-term profit potential of Colt, just as they have done about internet groups and biotech companies. At the same time, a technical squeeze is helping the stock.

Fidelity Investments, the US fund manager, has a majority holding, which means there is a limited supply of shares available. And institutions have been scrambling to get a weighting ever since Colt joined the FTSE 100 index.

The danger with all such shares is that, with few solid valuation methods available, emotion plays too big a part. In principle, one can forecast the company's future cash-flows and discount them to create a present value.

In practice, given the errors analysts make in forecasting next year's earnings, how confident can one be about estimates five years or so into the future? This is a stock that would react violently to almost any bad news.

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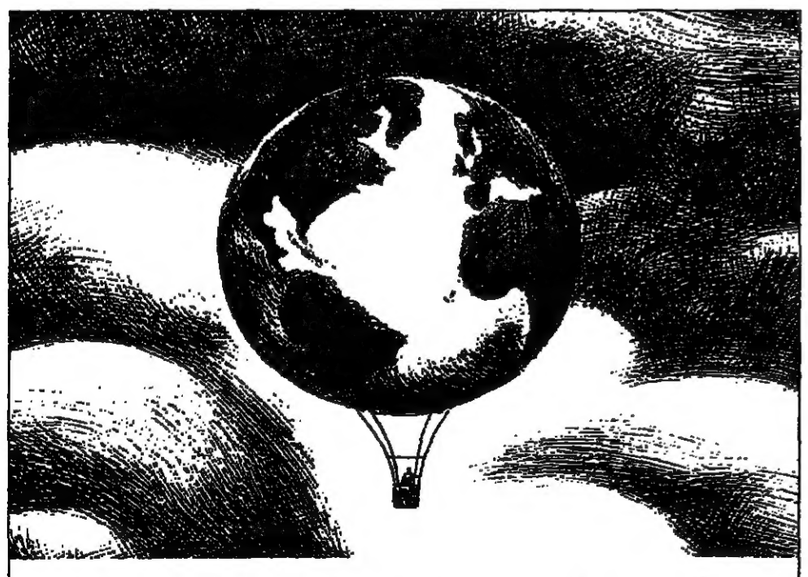

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Barry Riley

Money at a loose end

Be prepared for more violent fluctuations

Confusing, isn't it? If you read the latest UK business opinion surveys, you will get the impression we are in for a veritable Hurricane Mitch of recessions. But the Footsie index has bounced back with amazing vigour from its late summer dive, rising by 1,000 points (or 21 per cent) in a month by last Wednesday, before some profit-taking.

Gordon Brown, the chancellor of the exchequer, also chose optimism in his pre-Budget report on Tuesday, forecasting only the gentlest of soft landings next year and a swift resumption of 2.5 to 3 per cent economic growth thereafter.

Is the stock market simply in denial? One clue to its behaviour is that, in liquidity terms, the background is extraordinarily favourable. If you believe Brown (and many in the City of London don't), the government will stop borrowing in net terms over the next few years. In 1998-99, in fact, gross issues of gilt-edged will be only some £8bn against £17bn of redemptions. At the same time, the net supply of UK equities has also turned negative, with the dwindling supply of new issues failing to match the buy-backs of shares by companies, together with takeovers for cash. Next April's corporation tax changes will tend to accelerate the equity shrinkage.

This leaves the investment institutions with a healthy £60bn a year of net cash inflows but nothing to do with the money except to send it overseas or to buy corporate bonds (the flow of which has dried up, too, at least temporarily). And cash does not seem a promising investment, because it is clear that sterling interest rates are going to fall a long way over the next year; the Bank of England chopped an aggressive half-point off its repo rate to 6.75 per cent on Thursday.

With demand and supply so far out of balance, this is an unstable situation, with a widening gulf between the momentum players (who follow the cash flows) and the value investors. Volatility is exaggerated further by the way that stock markets are dominated these days by the trading desks of the big global investment banks. All this leaves company directors perplexed at seeing their share prices move wildly up and down for no obvious reason. It seems the stock market has almost ceased to function as a mechanism for rational valuation.

Can we trust those surveys? It is possible there has been feedback from the summer's stock market dive. If so, the surveys may soon mirror the quick recovery in stock market sentiment. Yet, the CBI industrial trends survey has an excellent long-term record: it failed to be impressed, for instance, by the rogue stock market crash of 1987, which had few economic effects, but it correctly anticipated the early 1990s decline in GDP. It is now clearly indicating another recession.

The purchasing managers' survey goes back only to 1991 but has provided reliable signals since then. This week, it gave by far its weakest-ever reading of 37.1 for new manufacturing orders against a previous 1992 low of 43. Either this is a conspiracy to hustle the Bank into action or trouble lies ahead – for manufacturers, anyway. The Bank's monetary policy committee, for its part, seems to have bought at least part of the recession story. Opinions vary about whether the curious market setback after Thursday's news reflected simple profit-taking or worries that the Bank was suddenly getting alarmed.

Fortunately, Brown has formally proclaimed the end of boom and bust. But we sceptics should note that, in late 1997, GDP was growing at 4 per cent year-on-year. That has slowed to 2.5 per cent. If there is to be a recession, it will result from a shake-out in stocks and a cut in fixed investment which, new statistics show, has risen by 17 per cent in three years. The inventory shock is likely to be temporary but the investment curbs might not be. Overall, however, the British economy could start growing again next summer, and certainly that is what the stock market is anticipating – if it is indeed behaving rationally.

At present, though, the profits cycle appears to be more worrying than the overall economic cycle. Overcapacity was a key factor in the Asian economic crisis. In the west, capital investment has continued to boom, not just in the UK but, also, in the US. More investment could imply faster growth. This, after all, is just what Dr Brown has ordered in the past. But in the US and UK, at least, there are potential constraints from relatively tight labour markets.

Moreover, global demand has been hit badly by the financial collapse of large parts of Asia. Excessive investment will be penalised by downwards pressure on the prices of goods and services and a tumble in profitability – which, in the US, has been historically high, anyway.

Most western companies are financed a lot more securely than their Asian counterparts, so a profits decline in the US and Europe would not threaten another financial crisis. But there is an obvious challenge for the stock markets as they race back cheerfully to fancy valuation levels – an average price/earnings ratio of 20 in the UK and more like 30 in the US. On a prospective basis, if profits fall, those ratios could be higher still. We are getting shocks already from blue chips as varied as Marks and Spencer and Shell.

In the short run, the money has nowhere else to go. True, a sharp recession would tip the public and corporate sectors into financial deficit, so triggering the flows of government bonds and equity rights issues which could absorb savings flows. But, for the moment, the bubble is being inflated again after an interval during which the big investment banks battened down the hatches as they feared a huge credit crunch.

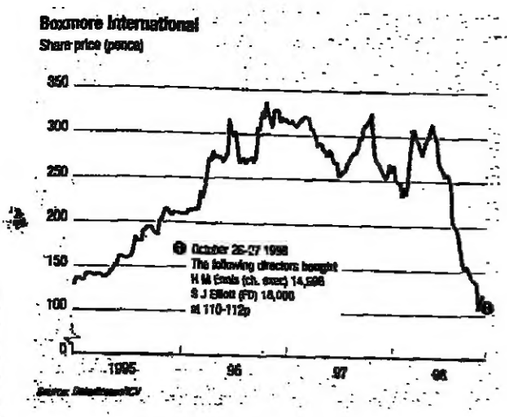
That particular hedge fund panic is over. But we must be ready for further violent fluctuations in share prices.

For an interactive guide to personal finance, visit http://www.FTQuicken.co.uk

هكذا من الأصل

WEEKEND INVESTOR

Boxmore International
Share price (pence)



Directors' dealings

Sharing in the image

Four directors bought shares worth £138,600 at Dicom Group, a distributor of document image processing equipment, *writes Chris Hill*. The largest purchase was by Otto Schmid, the chairman and chief executive, who acquired 100,000 at 80p. Dicom shares recently hit an all-time low and have underperformed the market by 72 per cent in the past year.

□ Following a disappointing set of interim results for the first six months of the year, two directors at **Boxmore International** have bought shares. **Harold Ennis**, chief executive, and **Stephen Elliott**, finance director, acquired 14,598 and 18,000 respectively at 110p-112p.

The Northern Ireland-based packaging company, whose activities include making soft-drink bottles, blamed the summer's poor weather for a 15 per cent fall in pre-tax profits.

□ **David Bailey**, non-executive chairman of **Hay & Robertson**, bought 20,000 shares at 100p. Interim results in September revealed a rise in pre-tax profits to £600,000 from £500,000 last year. The company's shares have fallen more than 30 per cent in the past three months, however.

■ Directors' share dealings

Transactions in own companies: 26th-30th October 1998

Company	Sector	Shares	Value £'000	No of directors
SALES				
Perpetual UK Small	InvT	24,000	69	1
Thorntons	RetF	100,000	200	1
Corporate Executive	SSer	33,000,000	495	1
Metalsrussia Group	Uncl	4,080,000	2,652	1
PURCHASES				
Courtaulds	Chem	10,000	25	1
Keir Group plc	Cons	7,468	16	2
Dicom Group plc	Dist	154,000	139	4
McKechnie	Eng	5,847	20	1
Courtaulds Textiles	HGod	60,000	92	2
Hay & Robertson	HGod	20,000	20	1
Hiscox	Ins	100,000	182	1
Smaller Companies	InvT	15,000	18	1
Core Group plc	Phrm	41,182	22	4
Boxmore Int'l	PP&P	32,598	36	2
Mucklow (A. & J.)	Prop	33,606	49	2
Body Shop Int'l	RetG	100,000	88	1
Sears	RetG	15,000	25	1
Corporate Executive	SSer	5,166,667	78	4
Division Group	SSer	100,000	27	1
Microgen Hldgs	SSer	100,000	97	1
Jersey Phoenix Tst	Uncl	27,945	33	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and AIM), including exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary, unless otherwise stated. ‡:- §§-+-.
Source: BARRA The Inside Track, Edinburgh, 0131-473 7070

■ Last week's preliminary results

Company	Sector	Year to	Pre-tax profit (£m)	Earnings* per share (p)	Dividends* per share (p)
Aberdeen High Inc	InTr	Sept	199.87 (97.41)	7.72 (7.49)	7.7 (5.85)
Assoc British Foods	FdPr	Sep	391 (350)	29.6 (75.0)	10.5 (10.0)
Bell Brothers	BldCo	Aug	5.46 (6.05)	27.33 (34.09)	7.45 (6.75)
Clyde Blowers	Eng	Aug	3.04 (1.13)	13.69 (5.79)	8.0 (8.0)
Edinburgh Incs	InTr	Sept	18.32 (42.77)	0.25 (0.13)	- (-)
Estates & Agency	Prop	Jun	2.03 (1.56)	26.9 (17.9)	20.5 (18.5)
Fidelity Special	InTr	Aug†	160.18 (147.6)	2.7 (2.0)	1.6 (1.32)
Flexing Chinese	InTr	Sept	37.8 (110.2)	0.51 (0.07)	0.5 (-)
Galen	Phrm	Sep	12.0 (11.4)	6.51 (6.03)	1.32 (0.367)
Jourdan	WasG	Jun	0.56L (1.2L)	29L (6.1L)	1.25 (0.5)
Langdons Foods	FdPr	Apr	1.17L (1.32L)	- (-)	- (-)
MMT Computing	SpSv	Aug	10 (5.55)	51.6 (29.8)	15 (11.3)
MY	PP&P	Aug	14.7 (14.3)	8 (7.73)	2.85 (2.7)
Neil Clark	AIM	Apr	1.25L (0.69)	42.52L (17.66)	- (4.0)
Northern Venture	InTr	Sept	98.6 (100.3)	3.14 (3.29)	3.0 (3.0)
Pressac	ElEE	Jul	14 (10.1)	16.4 (13.65)	4.73 (4.3)
Smart (J)	Prop	Jul	3.52 (3.66)	27.38 (27.03)	10.2 (9.8)
Strategem	Data	Aug	5.61 (4.46L)	13.6 (-)	5.0 (-)
Westport	Med	Apr	0.761L (9.9L)	- (-)	- (-)

■ Results due next week

Company	Sector	Announcement due	Last year interim	Dividend (p)* Last year total	This year interim
FINAL DIVIDENDS					
Fenner	Eng	Wednesday	1.8	5.3	-
Smith (WH)	RtGn	Wednesday	5.83	17.33	-
INTERIM DIVIDENDS					
Bandt	BldCo	Thursday	0.4	1.4	-
British Airways	Trns	Monday	4.7	16.6	-
British Biotech	Phrm	Friday	-	-	-
British Energy	Elec	Wednesday	4.9	24.7	-
British Telecom	Tele	Thursday	7.55	19.0	-
BTG	SpSv	Wednesday	-	0.924	-
Burtonwood Brewery	Brws	Wednesday	2	6.3	-
Business Post	SpSv	Tuesday	4.4	15.5	-
Cable & Wireless	Tele	Tuesday	3.75	12.25	-
Cadcentre	SpSv	Wednesday	1.2	3.6	-
Chamberlain & Hill	Eng	Tuesday	3.0	9.25	-
DCC	Dvlo	Monday	3.52	9.6	-
Electrocomponents	Dist	Wednesday	2.8	8.0	-
Express Dairies	FdPr	Wednesday	-	-	-
GWR	Med	Wednesday	1.3	3.4	-
Helicon Publishing	AIM	Wednesday	-	-	-
Hill Hire	Trns	Monday	1.46	4.4	-
Ilkon (ED & F)	OtFn	Thursday	3.7	11.7	-
Partners	RtGn	Wednesday	0.5	1.5	-
Pilkingtons Tiles	BldMa	Tuesday	-	-	-
Powergen	Elec	Thursday	9.0	29.0	-
Robert Wiseman Dairies	FdPr	Monday	1.32	4.03	-
Silk Inds	HseG	Wednesday	2.0	7.0	-
Staveley Inds	Dvlo	Thursday	2.5	9.0	-
Torotrak	EngV	Thursday	-	-	-
Unieco	Dist	Wednesday	2.1	7.0	-
Volex	ElEE	Wednesday	7.75	22.5	-
Warner Howard	SpSv	Thursday	3.85	12.0	-
Whitehead Mann	SpSv	Wednesday	3.0	7.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. ‡‡ 1st quarterly. ♦ 2nd quarterly. ★ 3rd quarterly. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

■ Last week's interim results

Company	Sector	Half year to	Pre-tax profit (£m)	Interim dividend* per share (p)
AB Airlines	Trns	May	4.47L (0.77L)	- (-)
Advent 2 VCT ★	InTr	Aug†	85 (-)	1.4 (-)
Anglian Water	Wtr	Sep	112.8 (141.7)	12.8 (11.5)
Ann Street	AIM	Jul	5.16 (5.27)	3.5 (3.5)
Avalon Oil	AIM	Jan	2.24L (0.444)	- (-)
BAA	Trns	Sep	307 (310)	5.3 (4.9)
BP ♦	Oil	Sep	2,131 (2,851)	6 (5.5)
BSkyB ✠	Med	Sep	52.0 (81.6)	- (-)
Berisfo ‡	Dvlo	Sep	5.8 (2.95)	0.55 (0.45)
Boots	RtGn	Sep	74.7L (105.4)	- (6.7)
Buckland Invs	AIM	Jul	0.68L (-)	- (-)
Charles Stanley	OthF	Sep	3.58 (1.69)	1.25 (1)
Emerald Energy	OIE	Jun	0.6L (0.18L)	- (-)
Eurasia Mining	AIM	Jan	0.571L (0.547L)	- (-)
Fleming Inc & Cap	InTr	Sept	125.8 (130.1)	1.6875 (1.4)
Hardy U'writing	AIM	Jun	0.184 (0.01L)	- (-)
Hawtal Whiting	SpSv	Jun	1.98L (0.848L)	- (-)
Hicking Pentecost	HseG	Sep	2.79 (5.07)	2.7 (2.7)
Huntingdon Life ♦	Phrm	Sep	12.9L (3.92L)	- (-)
Independ't Energy ✠	AIM	Sep	0.095 (0.286L)	- (-)
ILP ‡	PP&P	Jun	0.753L (0.214L)	- (-)
Laser-Scan	SpSv	Jun	0.683L (0.498L)	- (-)
Lepco	AIM	Jun	0.542L (0.117)	- (-)
London Secs	Prop	Jun	0.482 (0.469)	- (-)
Mackie Intl	Eng	Jun	1.9L (5.42L)	- (-)
Marks and Spencer	RtGn	Sep	284.2 (452.3)	3.7 (3.8)
Mercury European	InTr	Sept	184.65 (177.04)	0.65 (0.65)
Middlesex	Dist	Jun	0.302 (3.12)	- (-)
MV Sports	AIM	Jun	0.261L (1.17L)	- (-)
Northern Investors	InTr	Sept	578.9 (678.5)	2.5 (2)
Old English Pub	Brws	Sep	4.25 (2.24)	1.8 (1.2)
Philippine Gold	AIM	Jun	0.425L (1.0L)	- (-)
Polymasc	AIM	Jun	0.854L (0.468L)	- (-)
Prowting	BldCo	Aug	8.66 (8.76)	2.3 (2.1)
Rap	Dist	Jun	0.167L (0.42)	- (0.7)
REA	Dist	Jun	0.054 (0.324)	- (-)
Railtrack	Trns	Sep	224.0 (199.0)	8.7 (7.9)
Renaissance US	InTr	Sept	107.98 (116.1)	1 (0.9)
Rotfe & Nolan	SpSv	Aug	0.205 (0.569L)	1.0 (-)
Royal Sun Alliance ♦	Insc	Sep	636.0 (832.0)	- (-)
Royal Dutch/Shell ♦	Oil	Sep	4,089 (6,124)	- (-)
Scottish Power	Elct	Sep	247.2 (245)	7.5 (6.8)
Secs Tst Scotland	InTr	Sept	118.3 (134.8)	1.17 (1.17)
Select Appointm'ts ♦	SpSv	Sep	37.4 (23.2)	- (-)
Seton Scholl	Hlth	Aug	9.91L (26.5)	3.3 (3)
Shanks & McEwan	SpSv	Sep	18 (12.7)	1.6 (1.4)
Shiloh	HseG	Sep	0.292L (0.303)	1 (1)
Solid State	AIM	Sep	0.122 (0.101)	0.5 (1)
Style	AIM	Aug	0.339 (0.591)	0.7 (-)
Stylo	RtGn	Aug	10.8L (2.49L)	- (-)
Surgical Innov's	AIM	Jun	0.018L (0.492L)	- (-)
Taiwan	InTr	Aug†	82.94 (125.66)	- (-)
Thames Water	Wtr	Sep	214.2 (202)	14 (12.5)
Torch	AIM	Jun	0.368L (0.256L)	1.0 (1.0)
Trinity Care	AIM	Sep	0.42 (0.298)	1.7 (1.6)
Tullow Oil	AIM	Jan	4.39L (1.46)	- (-)
Voss Net	AIM	Jun	0.151L (0.007L)	- (-)
Watermark	AIM	Jun	0.237 (0.225)	- (-)
Westbury	Cont	Aug	18.3 (13.5)	2.6 (2.37)
Xavier Computer	AIM	Sep	0.723 (0.501)	- (-)
Yates Wine Lodges	Brws	Sep	6.19 (5.07)	1.38 (1.15)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L=loss. † Net asset value per share. ‡ Irish punts and pence. ✠ 3-month figures. ♦ US dollars and cents. ● Previous year end figure §§ Net asset value. ♦ Pre forma results versus pro forma forecast.
⊘ 9-month figures versus 12-month figures. ♦ 9-month figures. ★ 7-month figures.

Bids / deals

Cider maker calls time

Matthew Clark, the troubled cider maker hit by the rise of so-called alcopops, has been bought for £215m by Canadaigua Brands, a US drinks producer and distributor, *writes Thorold Barker*. Canadaigua is based in Fairport, New York, and the move is the first part of an expansion drive into Europe. The offer represents an 81 per cent premium over the share price immediately before Matthew Clark announced it was in takeover talks two weeks ago.

□ **Deutsche Post**, the German state-owned postal service, is paying £223m for a 50 per cent stake in Securicor's UK parcels distribution business in a drive to build a pan-European network ahead of the liberalisation of European Union postal services.

□ **Taylor & Francis**, the 200-year-old academic publisher, has agreed to buy the competing **Routledge Publishing** for £90m from Cinven, the private equity house. Taylor & Francis is paying £82.4m in cash and £3.4m in equity, with £4.2m deferred for two to seven years. It will raise £22.7m from a placing of two shares at 193p for every 11 held. The companies have complementary titles.

□ **Macmillan**, the publisher whose hostile bid for rival Cassell was trumped by Orion Publishing Group last week, has quit the battle by deciding not to extend its 100p-a-share offer.

■ Current takeover bids and mergers

Company bid for	Value of bid per share**	Market price**	Pre bid price	Value of bid £m**	Bidder
Amber Industrial	130*	128	82½	20.55	Caledonia Invs
Bilton	311½§§	286½	212½	274.16	Slough Estates
Bucknall Grp‡	103*	100	59½	14.7	Citex Grp
Canning (W)	300*	295	268½	88.5	MacDermid
Cassell	100*	124½	45	7.3	Macmillan Pubsig
Cassell	125*	124½	114	9.85	Orion
Claremont Grmnts‡	16½*	16½	22½	10.12	Courtaulds Text.
David Brown‡	290*	287½	243½	194.88	Textron Inc
Dennis Grp	475*	470	462½	268.95	Mayflower
Doeflex‡	375*	370	344½	67.87	British Vita
Flotex‡	210*	206½	140	50.19	Day Runner
Gardiner Group	29*	28	25	27.02	Reed Group
Hardy Oil & Gas‡	180	183½	166½	294.30	British Borneo
Jerome	53½	49½	33½	7.40	Worthington Grp
London & Manchstr‡	606*	601½	508½	742.8	Friends Provident Life
MMS Petroleum	33½	35	25½	4.06	Greenwich Res.
MMS Petroleum	35*	35	28	4.27	Ramco Energy
Matthew Clark	242*	239½	191½	215.05	Canandaigua
Polynedron	88*	85½	86	30.10	American Tool Co
Robert Walters	329½	320	278½	81.03	Staffmark
Rubicon‡	235*	230	190	207.27	Appld Power Inc
Sedgwick‡	225*	224½	142½	1.25bn	Marsh & McLen Co
Southern Electric	624½	624	560½	3.01bn	Scottish-Hydro
TDS Circuits	20*	18¼	9¼	4.22	Visystems
TLG‡	175*	174	149½	328.47	Wassall
UPF‡	112½*	115	90	42.86	Hartrode
VCI ‡	120*	118	107½	48.8	Kingfisher
Vigion	24§*	23½	23½	29.28	Anglold Inv.
Waverley Mining	(§)	7¼	9	1.76	Corporate Resive

Prices in pence unless otherwise indicated. *All cash offer. §For capital not already held. ‡ Unconditional. **Based on lastdme prices 6/11/98. §§Shares and cash. † Cash alternative. ✠ Partial cash alternative: shareholders in Jersey Dickie who accept the offer can choose to receive cash in respect of up to a maximum of 51.6% of their holding. ‡‡ For 20% of Waverley. Corp. Resive is offering 15p per ord share for up to 11.7m shares through the offer of loan notes, which it would then seek to list on the Ofex market.

Week ahead

The telecommunications industry takes centre stage next week and is likely to reassure investors that growth is still possible in the sector in spite of the economic slowdown that has prompted downgrades to profit forecasts across a range of industries, *writes Martin Brice*.

Monday: Interim figures from **Robert Wiseman Dairies** kick off a set of figures from a raft of dairy companies that come against a background of turmoil in the milk industry. Wrangles over the pricing of raw milk have led to a regulatory inquiry into the industry. This is due to report in January and could lead to a shake-up in milk supplies.

Wednesday: **British Energy** which, with 21 per cent of the UK market, is the country's largest electricity generator, is expected to reveal further details of its expansion plans in the UK and US when it reports interim figures. There might be news on the race for London Electricity.

Cable and Wireless interim results are always something of an anti-climax, coming immediately after both its principal subsidiaries, Hongkong Telecom and Cable and Wireless Communications, have reported. C&W derives two-thirds of its pre-tax profits from Hong Kong Telecom, so its shares were boosted yesterday by a flat (rather than declining) profits performance from the operator at the heart of Asian turmoil. Analysts forecasts suggest C&W is likely to produce a pre-tax figure at the bottom of the £750m to £800m range, but this is still growth from £751m last time.

In the Pink

Do yourself a favour and buy now while stocks last

John Lee thinks smaller companies still offer good value, despite the general lack of interest

For smaller company investors, my message is simple – there is super value out there, you are getting £1 for 50p, so buy while stocks last!

It is difficult to remember a time when small companies were so unloved relative to their larger peers. As the world of fund management becomes increasingly global, with mergers and takeovers creating ever-larger funds, one can understand the irrelevance of smaller, relatively illiquid, holdings to fund managers.

Thus, we have had a situation where stock has been "dumped" on a fragile market, almost irrespective of price. And, with private investors holding off, understandably scared by turmoil, recession and instability headlines, prices have fallen heavily.

Often quite modest profit warnings have resulted in a slashing of share prices, absurdly affecting the stock market capitalisation of those companies.

But has the "real" worth of the businesses changed? Has their brand and asset value, built up over many years, disappeared overnight? After all, houses and works of art have, broadly, maintained their values.

What is the logic for a near-halving of many share prices? Up and down the country, smaller company chiefs tear out their hair, frustrated with their share price, unable to raise new equity and seeing their own shareholdings and options wither in value.

Where, then, do we go from here? We cannot ignore the lack of interest shown by fund managers in smaller companies, nor the changes in the trading mechanisms that have contributed to market illiquidity. Try buying a large line of stock in a small company with a depressed share price and you will be told that the market is in, say, only 1,000 shares.

One would have thought that a normal buyer/seller relationship would produce a rise in the share price sufficient to tempt out some stock but this just does not seem to be happening in today's markets.

> Investing is rather like golf. It is the bad shots that ruin your round. So, we are looking for established smaller companies, built up over many years, which have weathered the pressures

Sadly, media and broker coverage of smaller companies has also been reduced, adding to the wallflower syndrome.

I have now come to the view that an investor in smaller company stocks has to accept the lack of fluidity and smoothness in markets, and that movements are more likely to be infrequent and lumpy. So, my contention is that investors need to regard their holdings as being more of a semi-private nature (ie, not always able to be bought or sold), with shares having to be held for longer periods – three years plus – but consequently demanding a higher level of running dividend yield as compensation.

Therefore, for the private investor, it is essential to keep out of the market a reserve of cash or near-cash for unforeseen domestic circumstances and normal prudence. Equity investment is still "risk" investment – rewards are not guaranteed.

Having established how much one can invest for the longer term, it is now a question of differentiating between super-value, value and unattractive stocks. There is no substitute for reading and research, and here I find the FT Annual Reports Service (0181-770 0770) very useful, and the Hemmington Scott Publication Company REFS excellent value.

Those who use traditional stockbrokers have access to research material and independent advice. Those who use an execution-only service put themselves at a disadvantage. You get what you pay for.

How then do we find our super-value stocks? I have always believed that the key to successful investing is to avoid the losses: rather like golf, it is the bad shots that ruin your round.

So, we are looking for established smaller companies, built up over many years, which have weathered the pressures of recessionary times and volatile currencies: businesses that have a stability of earnings; a history of rising dividends; and are well backed by assets. I have always liked conservative companies – cash-rich or, at worst, with a very low level of debt.

One looks for continuity of management, with infrequent board changes, and directors with meaningful shareholdings in the companies to which they are committed.

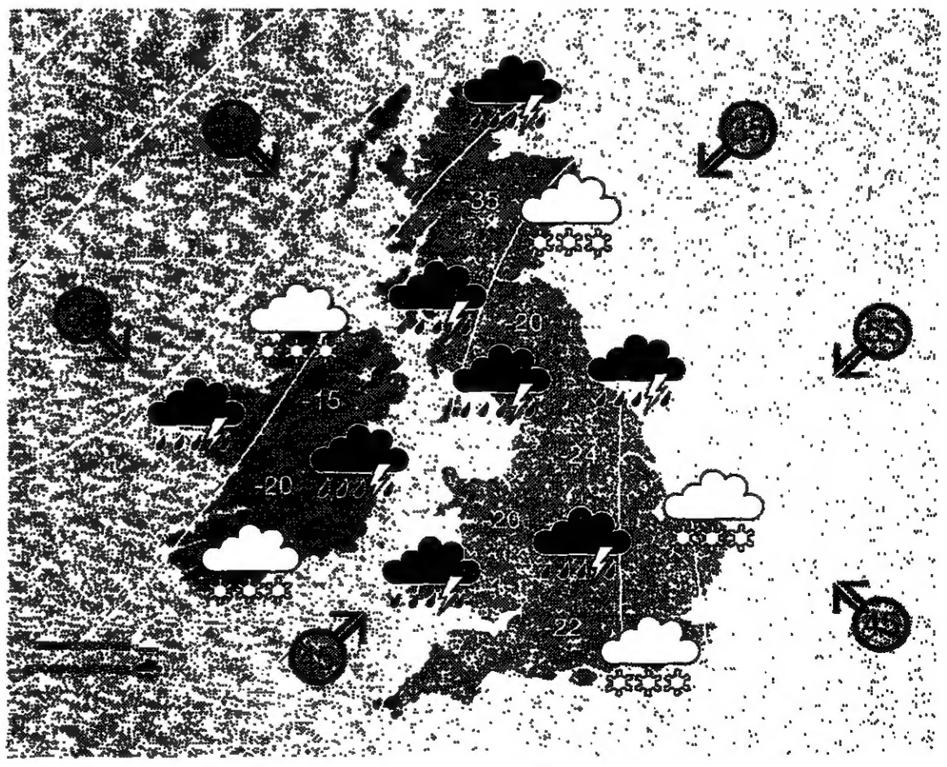
Some will argue with what might appear to be a rather cautious, even dull, approach. All I can say is that this policy has served me well over nearly 40 years of investing. While I surely miss some shooting stars, I have few disasters.

Yes – prices could go even lower before an upturn, but I am convinced that the patient investor will reap rich rewards in due course. Directors and predators are not going to allow present absurd price levels to prevail indefinitely. Buy-ins, buyouts, takeovers and pay-backs to shareholders will occur at substantially higher levels, although whether they happen in five weeks, five months or five years, is impossible to predict.

Be patient: you must factor time into the investment equation. However, with interest rates tracking downwards, there could be some shorter term appreciation as buyers search for juicy yields.

For value investors, NOW is the time. I find myself positively salivating – indeed, spoilt for choice – at the high yields and low price/earnings ratios of many excellent, genuine, smaller plcs.

■ *John Lee has been a serious investor in smaller companies for many years.*



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SS12

FT WEEKEND

True Fiction

Suffering in the name of science

Jurek Martin admits to covert alien activities in the spheres of sport, politics and space travel

Now that John Glenn is safely back on earth for the second time in his life, I thought it would be useful to bring you up to date on some of my own, that is, alien, activities in matters of current and recent interest.

You may recall that Glenn's first mission into space in 1962 involved only three orbits of the earth rather than the planned seven. I can now confess that was my fault. I was travelling with him in one of my disembodied forms and, pursuant to science, tasted one of his astronaut snacks.

This did such damage to my metabolism, which is complicated enough in any case, to destabilise his Mercury spacecraft. In fact it would have gone round the earth in ever decreasing circles, the so-called goony bird syndrome, and he would have landed, at warp speed, in the mouth of the Simplon Tunnel, thereby bringing about the collapse of Switzerland. Consequently, and at great risk to my 17th intestine, I took it upon myself to abort the mission.

Since then, most of my endeavours have been earth-bound. About 20 years ago, I became particularly interested in the properties of the sphere as and when it encounters a moving wooden object, preferably when wielded by a humanoid.

I therefore inserted myself in the cricket balls delivered by a pair of strapping young Australians, known collectively as Lillian Thomson. Unfortunately, the English humanoids holding their flat pieces of wood were never able to make contact with these little red spheres so my experiment was null and void.

But, undeterred, I picked up this thread, or more precisely stitches, again this year in America. I chose the white balls propelled by similarly strapping young fellows wearing pyjamas at tobacco-chewing brutes also in pyjamas and holding long round pieces of wood.

My exhaustive research indicated that a McGwire and a Sosa were more likely to make violent contact with the spheres than the hapless Englishmen had against Lillian Thomson. And I was right. 70 times for McGwire and 66 for Sosa.

But let me tell you, the pain was not worth it. It is bad enough being crushed into the air, splinters piercing my subatomic shields, but landing on those hard empty seats 500ft away, sometimes on metal railings too, was pure agony. In fact, Cosmowell, my alien Health Maintenance Organisation, told me it would not reimburse me if I continued my experiments next year.

Seeking less rigorous endeavours, and staying in America in spite of the dollar's weakness, I thought I would investigate the phenomenon of hot air emanating from the human mouth, updating the research of Demosthenes, my grandfather 10m times removed, who had done interesting work with pebbles.

I chose both place and time well, or so I thought. There was some controversy surrounding a Bill Clinton who had eaten a bad fruit which, by transmogrification, became embedded in the nation's throat. The medical term, as I recall, is impeachment and the prescribed cure, in your quaint backwards culture, was for everybody to talk about it a lot in the hope that he, or it, would eventually become dislodged or exonerated.

The trouble was you could not get away from it. At least in cricket and baseball you break for tea and beer, but in America, 24 hours a day for months on end, there was no escape from hot air, invariably delivered at maximum volume and with not a pebble in sight for relief.

When I went back to the Cosmowell clinic, with all my eardrums throbbing (and when you have as many as I do that is no picnic), the staff were even more strict with me. I was ordered, under pain of intergalactic uninsurability, not to watch an earth television until the matter of the bad fruit was resolved.

I badly needed a break. It so happens I have always been interested in the human backbone. I have so many of them that a study of the simple human version would be altogether less taxing, or so I thought.

I chose as my subject a Mr Pinochet from Chile, who had a back problem and a pretty murky past, though that, I assumed, was another story. I was particularly gratified to discover, battered as I was by baseballs and hot air in America, that he was going for treatment to England, where they cannot hit cricket balls and, I was told, do not talk very much.

It started out as a very pleasant trip, lodged comfortably in first class between his fourth and fifth lumbar vertebrae. I much enjoyed tea with a talkative woman with big hair who reminisced with Pinochet about their triumph over warlords such as the Argies and Lefties, both now extinct, or so they said.

Well, it was not quiet for long. It seems Pinochet was not immune to another condition, called Spanish extradition, which could also only be treated with huge doses of hot air from a place called The Bench, which declared him immune again.

I didn't need all this, what with policemen outside the door, so I made my excuses and left. And that is why John Glenn came back safely to earth, though I seriously thought of keeping him up there.

I mean, it is so peaceful in space.

True Fiction – the book

■ Don't miss True Fiction – the book. Containing 50 True Fiction columns, it is published by Penguin, price £7.99 – and that's the truth.

Arcadia

Footprints along the road to cyberspace

In the Kalahari, bushmen have taken up computers, writes **Vanessa Houlder**

The bushmen of the Kalahari exert a powerful hold over the western imagination. The hunter gatherers, who pursue their prey with bow and arrow, have long been viewed as the living embodiment of an ancient, untainted culture.

This romantic, but flawed, image of a primitive people has often been criticised. But rarely have its shortcomings been so exposed as by the bushmen's move into the computer age.

Dozens of bushmen are now using hand-held computers and satellite links to record their observations of footprints and trails. The resulting information about animals can yield potentially important benefits for wildlife conservation, anti-poaching programmes and tourism.

This juxtaposition of stone-age skills and state-of-the art technology is largely the work of Louis Liebenberg, a South African conservationist. He has just won one of the prestigious Rolex "awards for enterprise", which are presented every few years by the Swiss watchmaking company.

Liebenberg's fascination with the Kalahari bushmen and the skills of tracking dates back to childhood holidays, when he would be transfixed by the mysterious tracks etched into the sand dunes on the beach.

His interest persisted until, in his late teens, he interrupted his scientific training to study animal tracks. For the next 10 years, he learned the art of identifying animal track, or spoor, by drawing them and by accompanying trackers on their expeditions in the Kalahari desert.

Liebenberg, 38, is still passionate about the subject that has dominated his life over the past 18 years. He talks enthusiastically about how to distinguish the traces of beetles from those of scorpions, to differentiate between superimposed layers of footprints in soft sand or to determine whether an animal is feeding or fleeing.

"It is not just following footprints. It is about interpreting the footprints within a context and creating a mental map of movements of animals in the area," he says.

Louis Liebenberg: 'It is about interpreting the footprints within a context and creating a mental map of movements of animals in the area'

In constructing a mental map of what the animal is doing, Liebenberg draws on an ability to empathise with the animal. For example, when following the tracks of kudu, a type of antelope, he would imagine himself as one, kicking up sand and getting tired. "You go into a semi-trance, physically feeling the motion of the kudu in your body," he says.

Liebenberg, who has written two books on animal track identification, is now a world authority on the subject. Yet despite having studied the subject for 18 years, it would take him another 10 years to get to the level of the best tracker, he says.

Given the immense time and effort required to acquire these skills, it is perhaps little surprise that tracking is in decline. "Why invest 20 years of your life in a skill that is dying out?" asks Liebenberg. In Lonetree, the village where he learned to track, there are now only three bushmen who hunt by following tracks and using bow and arrows. "In five years, it will be gone," he says.

By the early 1990s, Liebenberg felt that the outlook for his work on tracking was bleak. With no funding and his books out of print, he worked as a freelance illustrator, a guide for wildlife expeditions and an adviser to the African National Congress.

About this time, he conceived the idea that bushmen might be able to use computers to preserve their skills and exploit their knowledge. But it did not seem a practical proposition for the present generation of trackers, who were largely illiterate.

Soon afterwards, the head of the computer science department at the University of Cape Town came up with the idea of using a simple icon-based electronic recording device that did not require an ability to read and write. This idea took shape, with the help of Lindsay Steventon, a student in the department, in the form of a handheld device, known as the CyberTracker.

Simply by tapping icons on a screen, the user can record more than 40 species and their activities, such as drinking, feeding, running, fighting, mating and sleeping. Each species has its own symbol. In the case of the endangered black rhino, each individual animal – which can be identified by the pattern of cracks on the underside of its feet – is given its own symbol.

The tracker can record information about the animals' feeding habits, as there are icons for more than 50 plants. These icons, which Liebenberg devised with the help of a bushman, are tiny symbols that illustrate a plant's appearance or its name. The hand-held computers are linked to satellite navigation Global Positioning Systems, which establish the time of the observation and its precise location.

The CyberTracker has undergone field tests in the Karoo National Park in Cape Province. When the tracker goes back to the park warden's office, he transfers the findings on to a database computer. All the data – which could be up to 250 observations from each CyberTracker a day – are processed to make maps and charts of animals' movements and feeding habits.

The detailed knowledge of the movement of wildlife has obvious implications for combating poaching and for tourism. But the most promising application of all is for conservation, says Liebenberg.

Using trackers is much cheaper than using helicopters for aerial surveys and can give a more detailed picture of what is happening in an ecosystem. It has already provided insights into feeding patterns of the black rhino, and can tell conservationists when it may be necessary to cull some of the other, more plentiful animals in the area to reduce competition for food.

Despite early successes, winning acceptance for the CyberTracker is an uphill struggle. The opposition has not come from the bushmen, who have enthusiastically taken to the technology, but from some of the national park wardens.

The opposition from "old school" conservationists is partly, Liebenberg believes, because of his involvement with the ANC. In addition, there is a cultural prejudice against believing that illiterate people can contribute to science. "They believe you need a PhD to study animal behaviour," he says.

Liebenberg's aim is to preserve the art of tracking and win respect for the trackers. For now, many bushmen end up in menial jobs such as mending fences and digging holes. His hope is that by preserving the bushmen's skills, it will be possible to restore their dignity and way of life.

Metropolis

I'm dreaming of a Euro miracle

Nicholas Woodsworth gets lost in Strasbourg, where a continent has put down roots for its future

It was early when I slipped out of my hotel into the streets of Strasbourg, so early, in fact, that even the most dedicated of Euro-parliamentarians were still fast asleep in their beds.

What visions, I wondered, paraded through those slumbering heads? Were the sleepers dreaming of Charlemagne's great coronation and a distant, romantic, pan-European past? Or were they dreaming of a distant, romantic future instead?

Awake, I found it difficult to imagine a United States of Europe stretching, happy and prosperous, from the Tagus to the Black Sea. But then I found it difficult simply imagining a happy end to the single-currency debate. Anything, however, is possible in dreams.

Let them sleep on a little longer, I thought. I am quite as pro-European as the next tourist, but I was enjoying the early morning calm. For in Strasbourg, the European parliament was in full plenary swing. Accompanied by armies of secretaries, researchers, translators and other Euro-functionaries, 626 MPs from 15 countries had converged on the city from across the continent.

Their arrival here once a month makes life hectic. Never mind the 2,600 offices, and vast conference halls. Just finding an empty hotel room is tough enough. I was happy to have Strasbourg to myself for an hour or two.

Is Strasbourg a city of the past or of the future? Is it a place of narrow regional particularity – a historic Alsatian city – or a place of greater pan-European significance, potentially a capital for an entire continent? For the stroller-about-town casting a casual eye first on one sight, then on another, the answer is far from clear.

When then first of the day's streamlined, ultra-modern trams – a reduced-size version of the *train de grande vitesse* – rolled silently past me in the broad Place Kleber, I was reminded that Strasbourg is at the avant-garde of European urban redevelopment. Pollution-free, electrically powered buses hummed by. Commuters cycled past on the 180km-long network of bicycle paths. In a city centre where cars are banned from many streets, even early-morning pedestrians like me had a carefree spring in their step.

It was just as well there was no traffic about as I spent a great deal of time gazing upwards. For if modern Strasbourg impresses with its organisation and brisk efficiency, medieval Strasbourg – one of the best-preserved cities in Europe – enchants with its age, its beauty and its civilisation.

What else can one do before Strasbourg Cathedral but gaze upwards in wonder? A masterpiece of medieval Gothic art that until the 19th century was the tallest building in Christendom, it is breathtaking both in its vastness of scale and its complexity of detail – even Victor Hugo, who knew a thing or two about cathedrals, was struck by it; he called it "a prodigy of the gigantic and the delicate".

For things delicate, I had only to stand before the tympana surrounding the cathedral's three main portals. Here, in layer after layer of meticulously detailed sculpture, beneath soaring fret-worked spires, needles, pinnacles and a massive rose-window of stained glass, lay the story of Christianity told in stone.

For things gigantic, I took the circular stone stairway up to the cathedral's main spire, whose tip looms 466ft above the ground. "This ascent is long and difficult and dangerous for people with cardiac and respiratory conditions," read the warning sign at the bottom of the stairs. A good 328 heart-pounding steps later, I knew what they meant.

But from the top, I could look down at the city, at the hills of the Vosges that rise up behind it to the west and, no distance eastwards across the flat valley of the Rhine, at the German frontier.

Strasbourg has a history as dramatic and tumultuous as any in Europe. From the 10th to the 17th century it was a German city. In 1681, Louis XIV took it over in the name of France. It was reconquered by the Germans in 1870, taken back by France at the end of the first world war, reclaimed once again by Germany in 1939, and finally regained by the French after one of the last great battles of the second world war.

A city which bloomed during the Reformation and cast its influence across an entire continent, it has been a meeting place where two great European cultures have intermingled, sometimes peacefully, sometimes violently, for 1,000 years.

From up here, Strasbourg's palaces, castles, towers and squares looked simple enough to navigate. But down once again in its labyrinth of winding, cobble-stoned streets, I gave up trying to make sense of my map. I decided to let someone else navigate instead.

> It is better for the European tribe to be at each other's wallets than at each other's throats

The River Ill, the Marne-to-Rhine Canal, the busy port of Strasbourg, the river Rhine itself . . . as my tour boat cruised the city, it did not take long to see why Strasbourg has been so important for so long. One of Europe's largest inland ports, it sits on a river more than 1,300km long. Cleaving its way through Europe, the Rhine connects north to south, the Atlantic Ocean to Switzerland in the heart of the continent.

Here were grain carriers from Rotterdam, coal barges from Cologne, cruise ships from Basle – even today, the Rhine is an important European lifeline.

Eventually, I bobbed back to the heart of Strasbourg; musing on past and future, I began wandering ancient streets.

On the rue Mercerie I strolled into the stone-vaulted Pharmacie du Cerf, where medicines have been dispensed since 1268. In the rue des Orfevres, the jewellery may have changed over the past 500 years, but the shops, half-timbered with stepped gables, leaded windows and decorative wood-carving, have altered little.

On the Place Gutenberg, I browsed among dozens of secondhand and rare book stalls – books have not changed all that much either since Gutenberg began printing after his 13-year residence in Strasbourg.

And finally, in the Place du Marche-aux-Cochons-de-Lait, I stopped. It is one of the city's prettiest spots, a picture-postcard square of ancient houses, red geraniums in window-boxes and, inevitably, rampant commercial tourism. But how much better for Frenchmen, Germans, Italians, Britons and the rest of the European tribe to be at each other's wallets rather than each other's throats.

Is Strasbourg a city of the past or of the future? The answer, of course, is that it is both. It remains at the symbolic centre of Europe as it has for centuries – the very reason it was chosen as the site for its parliament.

I am more attracted to Strasbourg's stone-carved palaces and half-timbered houses than to the impersonal stainless steel and mirror-glass forms of its European parliament. Most people feel the same. But while it is easy to take a cynical stand on Europe's international institutions, one only has to ask oneself what Europe might be if they did not exist at all.

I gazed upwards one last time at Strasbourg Cathedral's magnificent spire. It has escaped destruction only by a miracle – in 1870, it was hit 13 times by German shelling; in 1944, it was damaged by Allied bombing. Nobody knows if Strasbourg might one day be the capital of a federal Europe. But if Europeans want to preserve the marvellous traditions of the past, then they will have to look, one way or another, to the future.

Classic No 1258: White plays 1 Nc3 (threats Ne4, Nd5 or Nb5 with a check next move). Black's longest resistance is 1...e6 2 Nb5 Kd7 3 d4 (threat 4 Bg5+) f6 4 Bf4 e5 5 dxe5 and check at move six. If 1...d6(d5) 2 Nb5 Kd7 3 e4 (threat 4 Qg4+) f5 4 Qh5 and check at move five.

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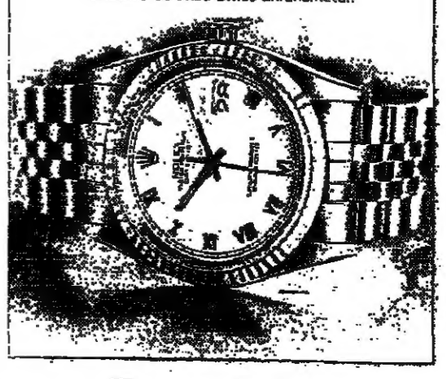

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